



Bear Valley Basin
Groundwater Sustainability Agency (BVBGSA)
C/O City of Big Bear Lake, Department of Water and Power
Attention: Reginald A. Lamson
PO Box 1929 Big Bear Lake, CA 92315

Meeting Agenda

Board Meeting held at
Big Bear City Community Services District
139 E Big Bear Blvd, Big Bear, CA 92314
May 7, 2019 at 4:00 pm

In compliance with the Americans with Disabilities Act, if you are a disabled person and you need a disability related modification or accommodation to participate in this meeting, please contact Reggie Lamson at (909) 866-5050. Requests must be made as early as possible and at least one full business day before the start of the meeting. Documents and material relating to an open session agenda item that are provided to the Board of Directors not less than 72 hours prior to a regular meeting will be available for public inspection and copying at 41972 Garstin Drive, Big Bear Lake, CA 92315. The documents are also available at Big Bear Municipal Water District, 40524 Lakeview Drive, Big Bear Lake, CA 92315.

BOARD MEMBERS

Bob Ludecke, Chairman
John Green, Vice Chairman
Craig Hjorth, Treasurer
James Miller, Secretary

OPEN SESSION

CALL MEETING TO ORDER

PLEDGE OF ALLEGIANCE

PUBLIC FORUM

The public may address the Board by completing a speaker card. All remarks shall be addressed to the Board as a body only. There is a three minute maximum time limit when addressing the Board. Please note that California law prohibits the Board from taking action on any item not appearing on the agenda.

1. ELECTION OF BOARD OFFICERS AND MEETING LOCATION FOR 2019

Board to elect officers and determine meeting location for calendar year 2019.

2. CONSENT CALENDAR

2.1 Approve Minutes of the Board Meeting Dated May 30, 2018

2.2 Approve Minutes of the Replenish Big Bear Workshop Dated July 17, 2018

3. ITEMS REMOVED FROM CONSENT CALENDAR

4. DISCUSSION/ACTION ITEMS

4.1 Present Audit for Fiscal Year 2017/18

Board to review and discuss the audit for Fiscal Year 2017/18.

4.2 Independent Audit Services

Board to review and consider awarding audit services to the recommended financial consultant.

4.3 Water Quality Testing Expenses for the Replenish Big Bear Project

Board to review and approve water quality testing expenses for the Replenish Big Bear Project.

4.4 Ratify Adoption of Memorandum Of Understanding (MOU) for Cost Sharing Procedures

Board to review and ratify adoption of the MOU for cost sharing procedures.

4.5 Replenish Big Bear Workshop For Local Agency Boards

Board to discuss holding a Replenish Big Bear Workshop for the local Agency Boards.

4.6 Relationship Between the BVBGSA and the Replenish Big Bear Project

Board to review and discuss the relationship between BVBGSA and the Replenish Big Bear Project.

4.7 DWR Bear Valley Basin Reprioritization Update

Board to review and discuss DWR Prioritization Report.

4.8 BVBGSA Website

Board to discuss the creation of the BVBGSA website.

4.9 Budget Alternatives for Fiscal Year 2019/20

Board to review and discuss budget alternatives for the Fiscal Year 2019/20.

Management and Board Member Discussion

Board members and/or staff to identify matters for future BVBGSA Agenda Items.

ADJOURNMENT



Bear Valley Basin Groundwater Sustainability Agency Agenda Report

DATE: May 7, 2019

TO: Board of Directors

FROM: Reginald A. Lamson, Administrator

RE: **Election of Board Officers and Meeting Location for 2019**

Background:

Per the Bylaws of the BVBGSA, the Board shall annually elect the Officers of the Board for the following positions: Chairman, Vice Chairman, Treasurer, and Secretary. The Board shall also determine the location for the BVBGSA meetings for the 2019 calendar year.

Financial Impact:

None.

Recommendations:

- 1) Elect BVBGSA Board Officers for calendar year 2019.
- 2) Designate a BVBGSA meeting place for calendar year 2019.

BOARD OF BEAR VALLEY BASIN
GROUNDWATER SUSTAINABILITY AGENCY
REGULAR MEETING MINUTES
May 30, 2018

OPEN SESSION

A regular meeting of the Bear Valley Basin Groundwater Sustainability Agency was called to order at 5:00PM on May 30, 2018 by Chairman Ludecke at 40524 Lakeview Drive, Big Bear Lake, California 92315.

1. BOARD MEMBERS PRESENT:

Bob Ludecke, Chairman
Craig Hjorth, Treasurer
John Green, Vice Chairman
Liz Harris, Secretary

2. PLEDGE OF ALLEGIANCE

Bob Ludecke, Chairman

3. PUBLIC COMMENTS:

No comments were made.

4. CONSENT CALENDAR

A. Approve Minutes of Regular Board Meeting Dated October 18, 2017.

Motion made by Secretary Harris, seconded by Vice Chairman Green and carried 4-0 to approve the Consent Calendar.

AYES: Ludecke, Green, Hjorth, Harris

NOES: -

ABSTAIN: -

5. RESOLUTION NO. 2018-01 ADOPTION OF POLICY FOR THE MANAGEMENT AND DISBURSEMENT OF CASH

Discussion:

Secretary Harris wanted some clarification in the policy. She believed the current wording made it seem like we need five signatures for all checks. Danielle McGee of the BBLDWP clarified that although the signature card would show all five signature authorities, only two signatures were needed when signing checks. Ms. Harris was agreeable with the policy as long as, the language was clarified to reflect a "primary and alternate" signature.

Motion made by Treasurer Hjorth, seconded by Vice Chairman Green and carried 4-0 to approve the adoption of Resolution 2018-01 Policy for the Management and Disbursement of Cash with the above noted amendment clarifying signatory language.

AYES: Ludecke, Green, Hjorth, Harris

NOES: -

ABSTAIN: -

6. SUPPORT FOR CITY OF BIG BEAR LAKE, DWP SAWMILL WELL PUMPING PLANT PROJECT

Motion made by Secretary Harris, seconded by Treasurer Hjorth and carried 4-0 to approve the letter of support for the DWP Sawmill Well Pumping Plant Project.

AYES: Ludecke, Green, Hjorth, Harris

NOES: -

ABSTAIN: -

7. PROVIDE FINANCIAL SUPPORT TO SAWPA REGARDING PROPOSITION 1 GRANT APPLICATION CONSULTANT

Discussion:

The approval of this agenda item is the approval for each agency's Board to contribute up to \$2,500 for the grant application consultant.

Motion made by Vice Chairman Green, seconded by Secretary Harris and carried 4-0 to approve the financial support to SAWPA regarding Proposition 1 Grant application consultant.

AYES: Ludecke, Green, Hjorth, Harris

NOES: -

ABSTAIN: -

8-11. RESOLUTION NO. 2018-02 THROUGH 2018-05 APPROVING THE STAFFING AGREEMENT BETWEEN BVBGSA AND DWP, MWD, CSD, AND BBARWA , MEMBERS OF THE AGENCY

Motion made by Vice Chairman Green, seconded by Treasurer Hjorth and carried 4-0 to approve the Resolutions 2018-02 through 2018-05 approving staffing agreements between BVBGSA and its member agencies.

AYES: Ludecke, Green, Hjorth, Harris

NOES: -

ABSTAIN: -

12. ELECTION OF OFFICERS AND MEETING LOCATION

Discussion:

Officers will remain the same and the location will change to CSD per the agency bylaws.

Motion made by Secretary Harris, seconded by Vice Chairman Green and carried 4-0 to approve the election of Officers and meeting location.

AYES: Ludecke, Green, Hjorth, Harris

NOES: -

ABSTAIN: -

13. ENVIRONMENTAL / PRELIMINARY ENGINEERING FOR BVWSP UPDATE (INFORMATION ONLY)

Discussion:

David Lawrence explained that the Agency is at the stage to hire for environmental work and hire for the preliminary engineering. This will need to go to BBARWA's Board for approval. The initial engineering will be \$1M the first year and approximately \$700,000 the next year. The cost will be split up among the four agencies equally. BBARWA is working on scheduling a workshop for the GSA Board and all four agency's Board. The workshop will be scheduled sometime in June or July 2018. Secretary

Harris was excited to hear about the workshop because she believes the community does not have enough information about the Project and that could lead to incorrect information about the Project. Mr. Lawrence followed up by stating that the preliminary engineering timeline was about a year in duration.

14. DWR BASIN REPRIORITIZATION UPDATE (INFORMATION ONLY)

Discussion:

DWR just completed their reprioritization of basins and the Bear Valley is now categorized as very low in the draft release. The reprioritization means that the Agency does not have to complete a Groundwater Sustainability Plan (GSP). However, we already received funding to complete the GSP, and in order to use the grant funds, we must complete the GSP. Being that this is a draft release by the DWR, the Valley might still bump back up to medium and the Agency may have to complete the plan anyways. So, we might as well do it now while we have the grant funds.

15. CLOSING COMMENTS:

Vice President Green reiterated how big this Project is for the Valley and asked about the online presence of this Agency and the Project. Mr. Lawrence replied that part of the preliminary engineering cost includes website creation, which will include details that the Agency would like to make available to the public.

16. DATE AND TIME OF NEXT MEETING

Date: XXXXXXXX, 2018

Location: CSD

Time: X:XX PM

17. CLOSED SESSION - None

18. ADJOURN

There being no further business, the meeting was adjourned at 6:08PM.

Liz Harris, Secretary to the Board

**BIG BEAR AREA REGIONAL WASTEWATER AGENCY (BBARWA);
BIG BEAR CITY COMMUNITY SERVICES DISTRICT (BBCCSD);
CITY OF BIG BEAR LAKE, DEPARTMENT OF
WATER AND POWER (DWP);
BIG BEAR MUNICIPAL WATER DISTRICT (BBMWD)
AND BEAR VALLEY BASIN GROUNDWATER
SUSTAINABILITY AGENCY
WORKSHOP
MINUTES
July 17, 2018**

1. Call to Order

A workshop with Big Bear Area Regional Wastewater Agency; Big Bear City Community Services District; City of Big Bear Lake, Department of Water and Power; Big Bear Municipal District and Bear Valley Basin Groundwater Sustainability Agency was held on Tuesday, July 17, 2018 at 1:30 p.m. at 121 Palomino Drive, Big Bear City, California.

Board Members present: John Green, BBCCSD; David Caretto, BBARWA; Liz Harris, BBARWA; Rick Herrick, BBARWA; Karyn Oxandaboure, BBCCSD; Vince Smith, BBMWD; Frank Howes, BBMWD; Bob Ludecke, BBMWD; Larry Walsh, BBCCSD; John Russo, BBCCSD; V. Don Smith, City of Big Bear Lake, DWP; Bob Tarras, City of Big Bear Lake, DWP; Alan Lee, City of Big Bear Lake, DWP; and Barbara Willey, City of Big Bear Lake, DWP

Absent: Charlie Brewster, BBMWD; John Eminger, BBMWD; Al Ziegler, BBCCSD and Craig Hjorth, City of Big Bear Lake, DWP.

Staff members present: David Lawrence, BBARWA; Jennifer McCullar, BBARWA; Jan Guy, BBARWA; Kim Booth, BBARWA; Brittany Lamson, BBMWD; Mike Stephenson, BBMWD; Mary Reeves, BBCCSD; Morgan Szabad, BBCCSD; Jerry Griffith, BBCCSD; Nathan Zamorano, BBCCSD; Reginald Lamson, City of Big Bear Lake, DWP; Danielle McGee, City of Big Bear Lake, DWP and Jack Roberts, City of Big Bear Lake, DWP.

Others: Laine Carlson, WSC; Chris Deiter, WSC; Jeff Szytel, WSC; Holly Tichenor, WSC; Matt Rodriguez, WSC and Richard Stanton, Big Bear City.

2. Pledge of Allegiance

Rick Herrick called the meeting to order at 1:30 p.m. and lead the Pledge of Allegiance.

3. Public Comment on Agenda Items Only – The Public Comment portion of the meeting is an opportunity for members of the public to directly address the Governing Board on matters on the agenda.

4. Presentation and introductions

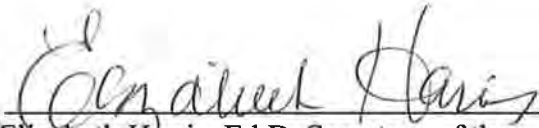
- A. Mr. Lawrence introduced each General Manager, they then introduced their board and staff. Ms. Carlson presented the background of the Bear Valley Water Sustainability Project and where the project stands as of today. Mr. Szytel presented a program

charter overview and explained that the general managers of each agency should head this project. It should be one page with a vision, mission, goal, objectives, guiding principles and all agencies should sign. Ms. Tichenor presented branding, communication and outreach. It was discussed to have a presentation with all board members quarterly to give updates on where the project is. Ms. Carlson went over Phase 1 activities overview. 10 Minute Break. Ms. Carlson went over key funding opportunities: grant opportunities as well as possible low interest loans and the deadlines on when applications are due. Mr. Syztel went over Governance Process and who will be responsible for O & M cost. Ms. Carlson went over progress reporting and updating on progress along with updates regarding grant funding. A press release should go out soon and would like to have it combined with the solar project.

5. Adjournment

With no further business the special meeting was adjourned at 3:46 p.m.

ATTEST:


Elizabeth Harris, Ed.D, Secretary of the
Governing Board of the Big Bear Area Regional
Wastewater Agency



Kim Booth, Administrative Assistant
Big Bear Area Regional Wastewater Agency



Bear Valley Basin Groundwater Sustainability Agency Agenda Report

DATE: May 7, 2019
TO: Board of Directors
FROM: Reginald A. Lamson, Administrator
PREPARED BY: Danielle D. McGee, Volunteer
RE: **Audit for Fiscal Year 2017/18**

Background:

In November 2018, BVBGSA was notified by the State Controller's Office that the agency would be required to file an audit report with the State no later than January 31, 2019. With the limited time available, the Administrator selected Rogers, Anderson, Malody & Scott, LLP, without a competitive process, to complete the audit for the Fiscal year ended June 30, 2018. The audit was completed on January 22, 2019.

Financial Impact:

The cost of the audit was \$3,900, which was apportioned equally to the four member agencies.

Recommendation:

Informational Report

Attachments:

1. Exhibit A - Basic Financial Statements/Independent Auditor's Report from inception (September 7, 2017) to June 30, 2018.
2. Exhibit B - SAS 114 Report to the Board of Directors.

Bear Valley Basin Groundwater Sustainability Agency

**Basic Financial Statements and
Independent Auditor's Report**

Period from inception (September 7, 2017) to June 30, 2018

Bear Valley Basin Groundwater Sustainability Agency**Basic Financial Statements****Period from inception (September 7, 2017) to June 30, 2018**

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ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

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Independent Auditor's Report

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Scott W. Manno, CPA, CGMA
Leena Sharbhag, CPA, MST, CGMA
Bradford A. Welebir, CPA, MBA, CGMA
Jay H. Zercher, CPA (Partner Emeritus)
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Brianna Schultz, CPA
Samuel Singery, CPA
Jing Wu, CPA
Evelyn Morentin-Barcena, CPA
Jin Gu, CPA, MT
Veronica Hernandez, CPA

Board of Directors
Bear Valley Basin Groundwater Sustainability Agency
San Bernardino, California

We have audited the accompanying financial statements of the Bear Valley Basin Groundwater Sustainability Agency (the Agency) as of and for the period from inception (September 7, 2017) to June 30, 2018, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's *Minimum Audit Requirements for California Special Districts*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2018, and the changes in financial position and cash flows for the period from inception (September 7, 2017) to the period ended June 30, 2018 in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has elected to omit the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
January 22, 2019

*Bear Valley Basin Groundwater Sustainability Agency***Statement of Net Position****June 30, 2018**

Assets

Due from members	\$ 5,743
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Total assets	5,743
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Liabilities

Due to members	5,743
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Total liabilities	5,743
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Net position

Unrestricted	-
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Total net position	\$ -
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The accompanying notes are an integral part of these financial statements.

Bear Valley Basin Groundwater Sustainability Agency

Statement of Revenues, Expenses and Changes in Net Position **Period from inception (September 7, 2017) to June 30, 2018**

Revenues

Member contributions	\$ 89,973
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Total revenues	<u>89,973</u>
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Expenses

Professional services	31,842
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Legal services	<u>58,131</u>
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Total expenses	<u>89,973</u>
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Operating income	-
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Net position, beginning of year	<u>-</u>
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Net position, end of year	<u><u>\$ -</u></u>
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The accompanying notes are an integral part of these financial statements.

Bear Valley Basin Groundwater Sustainability Agency

Statement of Cash Flows

Period from inception (September 7, 2017) to June 30, 2018

Cash flows from operating activities	\$ -
Cash flows from noncapital financing activities	-
Cash flows from capital and related financing activities	-
Cash flows from investing activities	-
Net change in cash and cash equivalents	-
Cash and cash equivalents, beginning of year	-
Cash and cash equivalents, end of year	\$ -
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ -
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in assets:	
Due from members	(5,743)
Change in liabilities:	
Due to members	5,743
Net cash provided by operating activities	\$ -

The accompanying notes are an integral part of these financial statements.

Bear Valley Basin Groundwater Sustainability Agency

Notes to the Financial Statements

Period from inception (September 7, 2017) to June 30, 2018

Note 1: Summary of significant accounting policies

Organization

In September 2017, the Big Bear City Community Services District (BBCCSD), Big Bear Municipal Water District (BBMWD), the Big Bear Regional Wastewater Agency (BBARWA) and the City of Big Bear Lake – Department of Water and Power (DWP) entered into a joint powers agreement to form the Bear Valley Basin Groundwater Sustainability Agency (the Agency). The Agency was created primarily to satisfy the requirements of the Sustainable Groundwater Management Act. The Agency is governed by one representative from BBCCSD, one representative from BBARWA, one elected representative from BBMWD and one appointed commissioner from DWP.

Measurement focus and basis of accounting

The Agency utilizes accounting principles appropriate for an enterprise fund to record its activities. Accordingly, the Agency uses the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of any related cash flows.

The Agency distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services or member contributions in connection with the principal ongoing operations. The Agency recognizes only revenue from member contributions at this time.

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and cash equivalents

The Agency considers cash on hand, demand deposits at financial institutions to be cash and cash equivalents. At June 30, 2018, the Agency did not have any cash or cash equivalents.

Capital assets

Assets with an initial cost of more than \$5,000 are capitalized at cost. In the case of acquisitions through gifts or contributions, such assets are reported at their estimated acquisition value at the time of acquisition. Land and construction in progress are not depreciated. Other tangible property, plant and equipment of the Agency are depreciated using the straight line method over the following estimated useful lives:

<u>Capital asset classes</u>	<u>Lives</u>
Buildings	30-40
Improvements	15-40
Furniture, fixtures and equipment	5-50
Vehicles	5-10

Bear Valley Basin Groundwater Sustainability Agency

Notes to the Financial Statements

Period from inception (September 7, 2017) to June 30, 2018

Note 1: Summary of significant accounting policies (continued)

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Due from member agencies

The Agency extends credit to its members in the normal course of operations. The Agency considers accounts receivable from its members to be fully collectible; accordingly, no allowance for doubtful accounts is required.



ROGERS, ANDERSON, MALODY & SCOTT, LLP
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January 4, 2019

To the Board of Directors and Management
Bear Valley Basin Groundwater Sustainability Agency
P.O. Box 1929
Big Bear Lake, CA 92315

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Brianna Schultz, CPA
Samuel Singery, CPA
Jing Wu, CPA
Evelyn Morentin-Barcena, CPA
Jin Gu, CPA, MT
Veronica Hernandez, CPA

This letter is provided in connection with our engagement to audit the financial statements of Bear Valley Basin Groundwater Sustainability Agency (BVBGSA) as of and for the year ended June 30, 2018. Professional standards require that we communicate with you certain items including our responsibilities with regard to the financial statement audit and the planned scope and timing of our audit.

Our Responsibilities

As stated in our engagement letter dated December 14, 2018, we are responsible for conducting our audit in accordance with auditing standards generally accepted in the United States of America, for the purpose of forming and expressing opinions about whether the financial statements that have been prepared by management, with your oversight, are prepared, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit does not relieve you or management of your respective responsibilities.

Our responsibility as it relates to any supplementary information, is to evaluate its presentation for the purpose of forming and expressing an opinion as to whether the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our responsibility for any required supplementary information included in the document containing the audited financial statements and our report thereon includes only the information identified in our report. We have no responsibility for determining whether the required supplementary information is properly stated.

Planned Scope of the Audit

Our audit will include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. Our audit is designed to provide reasonable, but not absolute, assurance about whether the financial statements as a whole are free of material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations. Because of this concept of reasonable assurance and because we will not examine all transactions, there is a risk that material misstatements may exist and not be detected by us.

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*Governmental Audit
Quality Center*

*Employee Benefit Plan
Audit Quality Center*

California Society of
Certified Public Accountants

Board of Directors and Management
Bear Valley Basin Groundwater Sustainability Agency

January 4, 2019

Our audit will include obtaining an understanding of the entity and its environment, including its internal control, sufficient to assess the risks of material misstatement of the financial statements and as a basis for designing the nature, timing, and extent of further audit procedures. Our audit is not designed to express an opinion or provide assurance on internal control over financial reporting. However, we will communicate to you at the conclusion of our audit, significant matters that are relevant to your responsibilities in overseeing the financial reporting process, including any material weaknesses, significant deficiencies, and violation of laws or regulations that come to our attention.

We expect to begin our audit in January, 2019. Scott Manno, CPA, CGMA is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

This information is intended solely for the information and use of the Board of Directors and Management of BVBGSA and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,

ROGERS, ANDERSON, MALODY & SCOTT, LLP



Scott Manno, CPA, CGMA
Partner



Bear Valley Basin Groundwater Sustainability Agency Agenda Report

DATE: May 7, 2019
TO: Board of Directors
FROM: Reginald A. Lamson, Administrator
PREPARED BY: Danielle D. McGee, Volunteer
RE: **Independent Audit Services**

Background:

In November 2018, BVBGSA was notified by the State Controller's Office that the agency would be required to file an audit report with the State no later than January 31, 2019. With the limited time available the Administrator selected Rogers, Anderson, Malody & Scott, LLP, without a competitive process, to complete the audit for the Fiscal year ended June 30, 2018.

On March 14, 2019, BVBGSA issued a request for proposal (RFP) for Independent Audit Services for fiscal years 2019-2021.

Responses were received from four firms:

- a. Lance, Sol & Lunghard, LLP
- b. Rogers, Anderson, Malody & Scott, LLP
- c. Nigro & Nigro PC
- d. Vasquez & Company LLP

The Administrator appointed DWP Chief Financial Officer, Danielle McGee, and DWP Administrative Analyst, Leeanne Eagleson, to evaluate the proposals. McGee is a Certified Public Accountant (inactive status) and Eagleson is an attorney registered with the State Bar of California. The evaluators were instructed to evaluate the qualifications of the firm and the quality of the proposal when ranking the proposals. Average rankings were as follows:

	Criteria	Max Score	RAMS	LSL	Vasquez	N&N
a.	Project Understanding	10	10	10	10	10
b.	Scope of Services	20	19	20	20	19
c.	Support Services	20	20	20	17.5	17.5
d.	Qualifications and experience	20	20	20	12.5	11
f.	Schedule	20	17.5	19	17.5	17.5
g.	Proposal quality and completeness	10	7	9.5	4	8.5
h.	References (will be checked for highest ranked proposer)					
Total		100	93.5	98.5	81.5	83.5

The fee proposals were as follows:

Ranking	Firm	Audit and Related Reporting Services				Additional Services Offered	
		Year 1	Year 2	Year 3	3- Year Total	Controller's Report	Federal Single Audit
1	LSLCPAs	\$ 2,940	\$ 3,030	\$ 3,120	\$ 9,090	\$970-\$1,000/year	\$1,500/Year
2	RAMS	\$ 4,820	\$ 4,820	\$ 4,960	\$ 14,600	None included	\$4,780-\$4,895/Year
3	N&N	\$ 5,000	\$ 5,000	\$ 5,000	\$ 15,000	None included	None included
4	Vasquez	\$ 4,200	\$ 4,326	\$ 4,456	\$ 12,982	None included	None included
	High	\$ 5,000	\$ 5,000	\$ 5,000	\$ 15,000		
	Low	\$ 2,940	\$ 3,030	\$ 3,120	\$ 9,090		

Financial Impact:

Lance, Sol & Lunghard, LLP's proposal was the ranked highest overall and the firm's fees are the lowest overall. If authorized by the Board, the member agencies would each incur total costs of \$2,272.50 for the audits and related reports for the three-year period. If authorized, the member agencies would incur total costs of approximately \$750 for preparing the State Controller's Report for the three-year period. Currently, no Federal Single Audit Services are expected.

Recommendation:

1. Based upon the findings of the evaluation team and the concurrence of the Administrator, the recommendation is to award Lance, Sol & Lunghard, LLP (LSLCPAs) the three-year audit services contract.
2. Authorize the Administrator to execute an agreement with LSLCPAs for the three year term for audit services and related reports and preparing the Controller's Report.

Attachments:

2. Exhibit A - RFP dated March 14, 2019
3. Proposals Received:
 - a. Exhibit B - Lance, Sol & Lunghard, LLP
 - b. Exhibit C - Rogers, Anderson, Malody & Scott, LLP
 - c. Exhibit D - Nigro & Nigro PC
 - d. Exhibit E - Vasquez & Company LLP



Bear Valley Basin

Groundwater Sustainability Agency

C/O City of Big Bear Lake, Department of Water
Attention: Reginald A. Lamson
PO Box 1929 Big Bear Lake, CA 92315

Request for Proposal
Independent Audit Services Fiscal Years 2019-2021
Issued: March 14, 2019
Responses Due: March 22, 2019

PUBLIC NOTICE
REQUEST FOR PROPOSALS (RFP)
BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY
(BVBGSA), LOCATED IN SAN BERNARDINO COUNTY, CALIFORNIA, INVITES
PROPOSALS FOR INDEPENDENT AUDIT SERVICES FOR
FISCAL YEARS ENDING JUNE 30, 2019-JUNE 30, 2021

The Bear Valley Basin Groundwater Sustainability Agency is requesting proposals from qualified professionals to provide annual independent audit services. Administrative services for BVBGSA are provided by the City of Big Bear Lake – Department of Water and Power (DWP).

Proposal packages may be obtained at www.bbldwp.com under “News” as well as at:
<http://www.csmfo.org/resources/current-rfps/>

For additional information, please contact:
Danielle D. McGee, Chief Financial Officer – DWP – dmcgee@bbldwp.com.

INTERESTED PARTIES SHALL SUBMIT FIVE (5) HARDCOPIES AND ONE (1)
ELECTRONIC COPY (FLASH DRIVE OR DISC) OF THEIR PROPOSAL.
PROPOSALS MUST BE RECEIVED AT THE DWP BY 4:00 P.M. PACIFIC
TIME ON March 22, 2019.

No proposals will be accepted after this time and date. Proposals will not be publicly opened. Any proposals received after this time and date will be returned to consultant unopened.

All correspondence shall be in writing and directed to:
Danielle D. McGee, Chief Financial Officer
Department of Water and Power

(Via: USPS to)
P.O. Box 1929
Big Bear Lake CA 92315-1929
(Or Via UPS/FEDEX to)
41972 Garstin Drive
Big Bear Lake CA 92315

SUBMISSIONS MADE TO ANY ADDRESS OTHER THAN THOSE LISTED
ABOVE WILL NOT BE CONSIDERED.

Overview

The Bear Valley Basin Groundwater Sustainability Agency (BVBGSA or the Agency) is soliciting proposals from qualified accounting firms for an independent annual audit of its records for the three years from the fiscal year ended June 30, 2019 (FY19) through the fiscal year ending June 30, 2021 (FY21).

The following information may be useful if you choose to present a proposal:

BVBGSA was formed in September 2017 to satisfy requirements of the Sustainable Groundwater Management Act. The Agency was formed under Joint Powers Authority of the following Member Agencies:

Big Bear Area Regional Wastewater Agency (BBARWA)
Big Bear City Community Services District (BBCCSD)
Big Bear Municipal Water District (BBMWD)
City of Big Bear Lake – Department of Water and Power (BBLDWP)

BVBGSA is on a June 30 fiscal year-end and the **State of California requires a full financial audit to be filed with the State Controller's Office by January 31 of each year.**

BVBGSA established a banking relationship during September 2018 and therefore did not directly pay any expenses for FY18. An audit was completed by Rogers, Anderson, Malody and Scott, LLP for the fiscal year ended June 30, 2018.

BVBGSA applied for and was awarded a grant under California Proposition 1 to fund the development of a Groundwater Sustainability Plan (GSP). As of the date of this RFP, no costs have been incurred under the grant and no draws have been made against the grant.

A critical component of the GSP is expected to be a project for development of a wastewater treatment system to be owned by BBARWA that will deliver water to BBMWD and be available to recharge aquifers for the retail water member agencies BBLDWP and BBCCSD. The project is branded as Replenish Big Bear. The member agencies are expected to establish an agreement by which the reclaimed water is available for the beneficial use of the member agency's constituents.

BVBGSA is expected to apply for grant and loan funding for Replenish Big Bear and act as a pass-through agency for that funding as well as project cost allocations in the future. Details of this concept have not been formalized. Federal funding may be secured in the future that could result in the need for a Single Audit depending upon the level of funding.

BVBGSA has no employees. Member agencies entered into staff sharing agreements with BVBGSA.

BBLDWP's General Manager, Reginald A. Lamson was appointed Administrator of BVBGSA and therefore accounting services are currently being provided by BBLDWP staff.

BBLDWP has established accounting records for BVBGSA in Microsoft Dynamics – GP2010 and will be converting the accounting to Tyler Incode after the close of FY19.

Requirements

The auditing services proposal hereby solicited shall be in accordance with United States generally accepted auditing standards, the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Requirements for California Special Districts, and will include tests of the BVBGSA's accounting records and such other auditing procedures as might be considered necessary for the expression of an audit opinion.

The annual audit report addressed to the BVBGSA's Board of Directors shall contain the following:

Independent Auditor's Report on the financial statements;

Management Discussion and Analysis (prepared by staff);

Government-Wide financial statements prepared in accordance with current governmental accounting standards;

Fund financial statements; Notes to Financial Statements; Required supplementary information;

Independent Auditor's Report on Compliance and on Internal Controls Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards; and

Management letter addressed to the BVBGSA's Administrator, including a statement of audit findings and recommendations affecting the financial statements, internal control, accounting, accounting systems, legality of actions, other instances of noncompliance with laws and regulations, and any other material matters.

Prior to submission of each completed annual report, the audit firm's staff may be required to review a draft of the proposed report and management letter with the BVBGSA's Administrator, Treasurer and/or the standing Finance Committee of the Board of Directors. Six (6) copies of the completed report and an electronic version in PDF format shall then be submitted to the BVBGSA.

Submission

If your firm is interested in performing the work outlined above, please submit six hard copies and one electronic version of your proposal to BVBGSA, attention: Danielle D. McGee, CFO – BBLDWP. Proposals must be received no later than 4:00 P.M., March 22, 2019 to one of the addresses below.

Proposals will only be accepted at one of the BBLDWP's addresses:

For U.S. Postal Service:

BVBGSA
c/o DWP
PO Box 1929
Big Bear Lake, CA 92315-1929

Or

For UPS/Fedex:

BVBGSA
c/o DWP
41972 Garstin Drive
Big Bear Lake, CA 92315-1929

SUBMISSIONS BY EMAIL WILL BE REJECTED.

All proposals submitted shall become a part of the BVBGSA's official files without obligation on the part of BVBGSA. Proposals received, together with the Administrator's evaluation report, will be presented to BVBGSA's Board of Directors at its next meeting, at which time award of the contract will most likely occur. BVBGSA reserves the right to reject any and all proposals submitted and to award the contract to the firm that, in the BVBGSA's opinion, is best qualified and will provide optimal service to the BVBGSA.

To simplify the review process and to obtain the maximum degree of comparison, BVBGSA requests that the proposals be organized in the manner outlined in the attached Appendix.

If you have questions or need additional information, please contact Danielle D. McGee, dmcgee@bbldwp.com, 909-866-5050 x299

Responses to any questions submitted by consultants will be posted at www.bbldwp.com no later than March 19, 2019

APPENDIX
AUDIT PROPOSAL ORGANIZATIONAL
OUTLINE

I. Title Page

- A. Show the name of the proposer's firm, address, telephone number (including FAX and e-mail), name of the contact person and the date.

II. Table of Contents

- B. Include a clear identification of the material by section and by page number.

III. Letter of Transmittal (limit to one or two pages)

- A. Briefly state the proposer's understanding of the work to be done and make a positive commitment to perform the work expeditiously after commencement, and within a specified time period.
- B. State the all-inclusive fee for which the work will be done (see VIII, Compensation).
- C. State the names of the person(s) who will be authorized to make representations for the proposer, their title(s), address(es), and telephone number(s).
- D. State that the person signing the letter will be authorized to bind the proposer.

IV. Profile of Proposer

- A. State whether the firm is local, regional, national or international.
- B. State the locations of the office from which the work is to be done and the number of partners, managers, supervisors, seniors, and other professional staff employed at that office.
- C. Describe the range of activities performed by the local office, such as auditing, accounting, tax service, management services, etc.

V. Mandatory Criteria

- A. Affirm that the firm and all assigned key professional staff are properly registered and licensed to practice in California.
- B. Affirm that the proposer meets the independence standards of the GAO Standards for Audit of Governmental Organizations, Programs, Activities and Functions (2006 Revision, or the most recent revision subsequently adopted).
- C. Specify the coverage level of the liability insurance maintained by the proposer.
- D. Affirm that the firm will complete and transmit final versions of all required reports for FY19 no later than December 16, 2019.

VI. Summary of Proposer's Qualifications

- A. Identify the supervisor(s) who will work on the audit, including staff from other than the local office. Resumes, including relevant experience and continuing education for each supervisory person to be assigned to the audit, should be

included (may be attached as appendix).

- B. Describe the recent local and regional office auditing experience similar to the type of audit herein requested. Provide a comprehensive listing of all audits performed in Southern California over the past three (3) years.
- C. Provide a copy of the firm's most recent external peer review report.

VII. Proposer's Approach to the Audit

- A. Submit a work plan to accomplish the scope of the work defined in the request for proposals. The work plan should include time estimates for each significant segment of the work and the staff level to be assigned. Where possible, individual staff members should be named. The planned use of specialists should be specified.

1. Financial Audit

- a. State whether the audit will be made in accordance with United States generally accepted auditing standards.
- b. State that the primary purpose of the audit, unless it is otherwise intended, is to express an opinion on the financial statements and that such an examination is subject to the inherent risk that errors or irregularities may not be detected. State that if conditions are discovered which lead to the belief that material errors, defalcations, or other irregularities may exist, or if any other circumstances are encountered that require extended services, the auditor will promptly advise BVBGSA.
- c. State that no extended services will be performed unless they are authorized in the contractual agreement or in an amendment to the agreement.

2. Compliance Audit

- a. State that in accordance with the auditing standards of the cognizant Federal agency or in accordance with other applicable standards the proposer will select the necessary procedures to test compliance and to disclose noncompliance with specified laws, regulations, and contracts.

VIII. Compensation

- A. State the total hours and hourly rate required by staff classification and the resulting all-inclusive maximum fee for which the requested work will be done.

IX. Additional Information

- A. Since the preceding sections are to contain only information that is specifically requested, any additional information considered essential to the proposal should be included in this section. The proposer's general information publications, such as directories or client lists, should be included here. If there is no additional information to present, state: "There is no additional information we wish to present."

**PREPARED BY:**

Lance, Soll & Lunghard, LLP
Certified Public Accountants
203 N. Brea Blvd., Suite 203
Brea, CA 92821
Phone: (714) 672-0022
Fax: (714) 672-0331
Firm License Number: 2584
Firm EIN: 95-2700123

Proposal Presented to

BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY

REQUEST FOR PROPOSAL FOR FINANCIAL AUDITING SERVICES

CONTACT PERSON:

Richard K. Kikuchi, CPA, Managing Partner
Richard.Kikuchi@lslcpas.com
(714) 672-0022

March 22, 2019

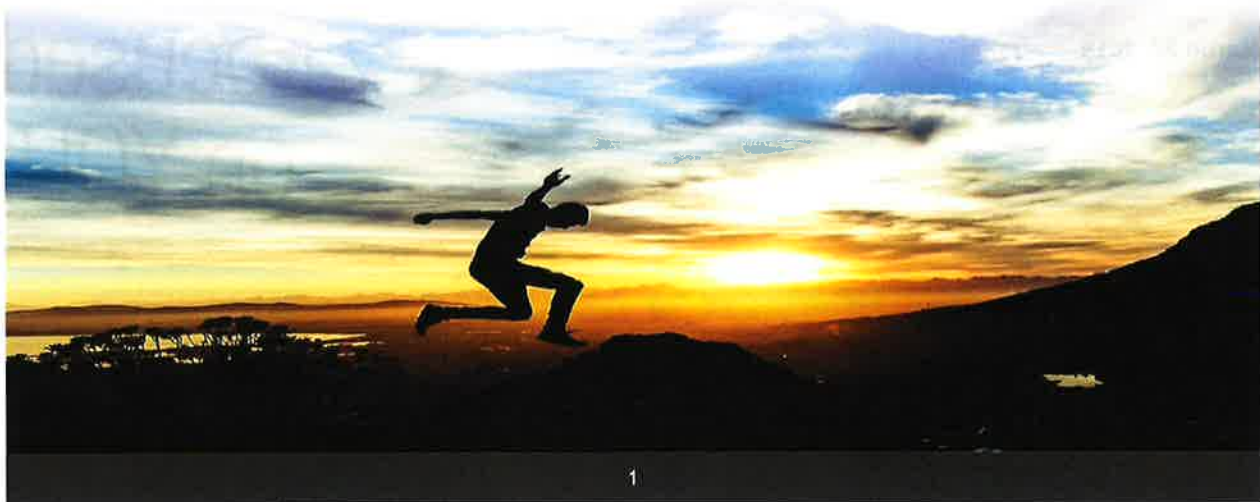
Focused
on YOU





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TRANSMITTAL LETTER

March 22, 2019

Danielle McGee
Chief Financial Officer, Big Bear Lake DWP
BVBGSA
c/o DWP
P.O. Box 1929
Big Bear Lake, California 92315-1929

LANCE, SOLL & LUNGHARD, LLP (LSL) is pleased to respond to your request for proposal for audit services. As a leader in the field of governmental accounting and auditing, we appreciate this opportunity to present our professional qualifications. Because of our extensive local government experience, dedication to excellence and determination to retain the brightest talent, we hope you find that LSL is the most qualified accounting firm to provide professional audit services to the Bear Valley Basin Groundwater Sustainability Agency. As the current auditor for the City of Big Bear Lake Department of Water and Power, we would strive to perform the audit for the Bear Valley Ground Water Sustainability Agency with the same level of care and client service that we currently provide to the Department of Water and Power.

ANNUAL SERVICES

The Bear Valley Basin Groundwater Sustainability Agency (the BVBGSA) will receive the following for three (3) years beginning with the fiscal year ending June 30, 2019.

- Perform an audit of the BVBGSA, in accordance with auditing standards general accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller of the United States, and express an opinion on the fair presentation of the basic financial statements.
- Prepare and word process the BVBGSA's basic financial statements in full compliance with governmental accounting standards. The basic financial statements will include the government-wide financial statements, fund financial statements, notes to the financial statements.
- Prepare and word process the BVBGSA's required supplementary information.
- Perform a Single Audit, if necessary, of all federal grants received by the BVBGSA in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance). The Single Audit Report will include appropriate schedule of expenditures of federal awards, footnotes, findings and questioned costs, and follow up on prior audit findings where required.
- Prepare the Annual Transactions Report for the State Controller's Office.
- Issue a management letter, addressed to the BVBGSA's Administrator, including a statement of audit findings and recommendations affecting financial statements, internal control, accounting, accounting systems, legality of actions, other instances of noncompliance with laws and regulations, and any other material matters.



BENEFITS TO WORKING WITH LSL

In today's environment, keeping up with the numerous accounting and regulatory changes can seem unmanageable. Finance departments are facing more complexity, risk, and change than ever before, and with less resources. As the industry continues to evolve, a strategic relationship with LSL, can help you better manage these changes and be more equipped for the future. Training and communication are the bridge that connects us. We offer to our clients:

1) Annual Governmental Accounting Update

Annually, we hold a half-day seminar providing an update to new accounting and regulatory standards impacting local governments. The goal is to provide useful, relevant information that impacts your organization.

2) Annual Onsite Client Specific Training

We provide tailored training for your organization on topics that are most relevant and needed for you and your team. Topics may include fraud risk management, internal controls, accounting pronouncements, governmental accounting, and CAFR preparation.

3) Focused Topic Specific Webinars and Ongoing News & Alerts

These cover important topics effecting local governments sometimes need more attention and explanation. In addition to our annual update, our webinars and news offer a short, focused approach to these critical areas.

4) Meetings with the Board of Directors & Committees

We believe communication is the key to a successful relationship and offer two annual meetings with your Board of Directors or Committees. Both meetings encourage dialogue between LSL and the Board of Directors during the preliminary and concluding segments of the audit.

LSL is a public accounting firm licensed by the State of California, Department of Consumer Affairs, as a Public Accounting Partnership. All key staff assigned to the audit of the BVBGSA will be licensed as Certified Public Accountants by the State of California, Department of Consumer Affairs. LSL is independent with respect to the BVBGSA and we are an Equal Opportunity Employer. We are committed to providing the services discussed above in accordance with the timetable specified in your request for proposal. The all-inclusive fee for this proposal would be \$3,910. This proposal is a firm and irrevocable offer for a minimum of 120 days. For purposes of this proposal, Richard K. Kikuchi, CPA, Managing Partner, is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with the BVBGSA. I can be reached at the address below or by phone at (714) 672-0022, or through email at Richard.Kikuchi@lslcpas.com.

Richard K. Kikuchi, CPA
Managing Partner
203 N. Brea Blvd., Suite 203
Brea, CA 92821
(714) 672-0022



FIRM QUALIFICATIONS

STATEWIDE CPA FIRM

The audit for the BVBGSA will be staffed from our Brea (Headquarters) location. LSL has two other offices in Sacramento and Santa Ana, California. **Our firm has approximately 115 employees including 17 partners and professional staff.** Governmental staff consists of four partners, two senior managers, three managers, five supervisors, and five senior auditors.

NUMBER AND NATURE OF PROFESSIONAL STAFF TO BE EMPLOYED ON THE ENGAGEMENT

The personnel assigned to this engagement will include an engagement partner (field partner), a concurring partner (quality control), audit manager (field manager), and a senior auditor in-charge of fieldwork, and one additional staff. All professional staff assigned to the proposed engagement work on a full-time basis. All key staff to be assigned to this engagement are or will be licensed by the State of California to practice as Certified Public Accountants.

RANGE OF ACTIVITIES

Our Brea office's activities include auditing and attestation, business advisory, taxes and planning, and accounting and financial services. The firm has been in business for nearly 90 years and has been involved in audits of local governments for most of that time.

JOINT VENTURE AND CONSORTIUM

LSL is a limited liability partnership and is not a wholly owned subsidiary of a parent company. We have the resources to perform the audit of the BVBGSA and will not use affiliations or subcontractors to perform the services described in this proposal.

LICENSE TO PRACTICE IN CALIFORNIA

LSL is a public accounting firm licensed by the State of California, Department of Consumer Affairs, as a Public Accounting Partnership. As a firm, we are members of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants. All key staff to be assigned to this engagement are or will be licensed by the State of California to practice as Certified Public Accountants.

INDEPENDENCE

We meet the independence requirements as defined by *Government Auditing Standards* for the BVBGSA. Our partners do not own any other business organization that has in the past, or will in the future, be providing services, supplies, materials or equipment to the BVBGSA. LSL will provide written notice of any reportable professional relationship entered into during the period of the proposed agreement.

INSURANCE

We currently maintained the following insurance coverage:

- Commercial General Liability: \$2,000,000 per claim / \$4,000,000 aggregate
- Automobile (non-owned) Liability: \$2,000,000
- Umbrella Liability: \$1,000,000
- Professional Liability (Errors & Omissions): \$3,000,000 per claim & aggregate
- Cyber and Data Privacy:
- Network Security Claims: \$2,000,000
- Privacy Event expenses: \$100,000
- Worker's Compensation: \$1,000,000

A Certificate of Insurance meeting the BVBGSA's requirements will be provided within 15 working days of being awarded the contract for audit services.



POLICY REGARDING DEADLINES

A key component of providing our clients with the highest level of customer service is meeting the deadlines that they need to file their reports timely. As such, we acknowledge and confirm that we are able to complete and transmit the final versions of all required reports for the fiscal year ended June 30, 2019 by December 16, 2019.

EXTERNAL QUALITY CONTROL REVIEWS

We have participated in the peer review program since its inception. The most recent peer review was conducted by Sikich. All peer reviews covered governmental engagements. Our most recent peer review is included on page 7.

DESK REVIEWS/DISCIPLINARY ACTION

There have been no disciplinary actions against our organization since its inception. All our Single Audit reports are desk reviewed either by the federal cognizant agency or the State Controller's Office acting as the Oversight Agency. We have never had a report rejected by any of these agencies. In fact, we are highly regarded and recognized by the staff of the State Controller's Office for top quality reports.

CURRENT MUNICIPAL CLIENTS

Currently, LSL performs a variety of services for sixty-two (62) municipal clients. The complete list of all current municipal clients is included on the following page.



Client	Contact Person	Service Code	Year	Telephone
Agoura Hills	Ms. C. Pinuelas, Finance Manager	F	3	818-597-7319
American Water Works Association	Ms. S. Ramakrishnan, Asst. Exec. Director	F	7	909-291-2114
Banning	Ms. R. Clayton, Deputy City Manager	F, S	18	951-922-3118
* Big Bear Lake	Ms. K. Ent, Director of Admin. Services	F, S	20	909-866-5831
Burbank	Ms. C. L. Giraldo, Financial Services Dir	I	8	818-238-5487
* Camarillo	Ms. G. Wilson, Finance Director	F, S	1	805-388-5320
Canyon Lake	Mr. T. Shea, Finance Director	F	23	909-244-2955
* Cathedral City	Mr. K. Biersack, Fiscal Officer	F, S	9	760-770-0378
* Chino Hills	Ms. C. Buhagiar, Finance Director	F, S	21	909-364-2600
* Chula Vista	Mr. D. Bilby, Director of Finance	F, S	1	619-691-5250
Coachella Valley Association of Governments	Mr. G. Leong, Director of Administrative Services	F	3	760-346-1127
* Coachella Valley Water District	Mr. G. Kiehl, Finance Director	F, S, U	5	760-398-2661
* Community Development Commission of the County of Los Angeles	Mr. M. Fotini, Finance Director	F, S	2	626-586-1890
* Corona	Ms. K. Eden, Finance Director	F, S, U	8	951-736-2315
Covered California	Ms. D. Mejia, CFO	F, S	3	916-228-8223
* Cypress	Ms. D. Mullally, Asst. Finance Director	F, S	1	714-229-6700
* Diamond Bar	Ms. D. Honeywell, Finance Director	F, S	8	909-839-7051
Dinuba	Ms. M. Moreno, Admin. Services Director	F	0	559-591-5900
Dixon	Ms. J. Michaels-Aguilar, Finance Director	F, S	3	707-678-7000 x108
* Downey	Mr. A. Gandhi, Finance Director	F, S	4	562-904-7265
* Emeryville	Ms. S. Hsieh, Finance Director	F, S	14	510-596-4352
* Fullerton	Mr. M. O'Kelly, Finance Director	F, S	7	714-738-3133
Galt	Ms. V. Whittenburg, Accounting Manager	F	1	209-366-7150
Georgetown Divide Public Utility District	Ms. C. Cross, Management Analyst	F	1	530-333-4356
Grand Terrace	Ms. C. Fortune, Finance Director	F	4	909-824-6621
Greater Los Angeles Vector Control	Mr. T. Dever, District Manager	F	8	562-758-6501
Hidden Hills	Ms. C. Paglia, City Clerk	F	30	818-888-9281
Imperial Beach	Ms. E. Cortez, Deputy City Manager	F	13	619-423-8617
* Indio	Mr. R. Rockwell, Assistant City Manager/Director of Finance	F, S	3	760-391-4029
Inglewood	Ms. S. Koike, Assistant Finance Director	F, S	2	310-412-8724
* Inland Empire Utilities Agency	Ms. C. Valencia, Chief Financial Officer	F, S, U	3	909-993-1600
* Irwindale	Ms. E. Carreon, Finance Director	F	21	626-430-2221
* Lake Elsinore	Ms. Shannon Buckley, Finance Manager	F, S	2	951-674-3124
Lawndale	Mr. K. Louie, Director of Finance/City Treasurer	F	3	310-973-3246
* Live Oak	Mr. J. Aguilar, Finance Director	F, S	2	530-695-2112
* Los Alamitos	Ms. M. L. Valdez, Administrative Director/Treasurer	F	3	562-431-3538 x222
* Malibu	Ms. R. Feldman, Finance Director	F	14	310-456-2489
* Manhattan Beach	Mr. S. Charelian, Finance Director	F	15	310-802-5553
* Monrovia	Mr. B. Bullis, Director of Admin. Services	F, S	17	626-932-5510
Monterey One Water	Ms. T. Hannah, Chief Financial Officer	F, U	4	831-645-4623
Moorpark	Mr. R. Ahlers, Finance Director	F, S	1	805-517-6249
* Oceanside	Ms. J. McPherson, Finance Director	F, S	8	760-435-3839
* Ontario	Ms. D. Nunes, Director of Fiscal Services	F, S	19	909-395-2352
Ontario International Airport	Mr. N. Bottini, Finance Director	F, S	2	714-595-3619
* Palm Desert	Mr. J. Espinoza, Asst. Finance Director	F	2	760-346-0611
* Palm Springs	Ms. N. Pauley, Acting Finance Director	F, S	8	760-323-8229
* Pasadena	Mr. R. Ridley, Controller	F, S, U	3	626-744-7497
* Rancho Cucamonga	Ms. T. Layne, Finance Officer	F, S, U	40	909-989-1851
* Redondo Beach	Ms. M. Ruhland, Assistant Finance Director	F, S	2	310-318-0683
Rolling Hills	Mr. T. Shea, Finance Director	F	11	310-377-1521
Rosemead	Ms. P. Lieu, Finance Director	F, S	1	626-569-2146
* San Clemente	Mr. J. Rahn, Finance Director	F	1	949-361-8360
San Dimas	Mr. M. O'Brien, Finance Director	F, S	56	909-394-6200
San Marino	Mr. Josh Betta, Finance Director	F	24	626-300-0700
* Santa Barbara	Mr. B. Samario, Finance Director	F, S	7	805-897-1978
* Santa Fe Springs	Mr. T. Hickey, Director of Finance and Administrative Services	F, S	4	562-409-7522
* Santa Monica	Ms. G. Decavallas-Hughes, Finance Director	F, S	3	310-458-8281
Six Basins Watermaster	Mr. L. Stahlhoefer, Controller	F	6	949-420-3030
Solana Beach	Ms. M. Berkuti, Finance Manager	F	6	858-720-2463
* Three Valleys Water District	Mr. J. Linthicum, CFO	F, U	10	909-621-5568
* Union Sanitary District	Ms. L. Brenner, FS Coach	F, U	2	510-477-7647
* Vista	Ms. L. Warrem, Finance Manager	F	9	760-639-6170 x1023

Service Codes:

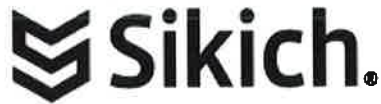
F - Financial Audit

S - Single Audit

I - Internal Audit

U - Utility Agency

* - Participated in the GFOA Award Programs and has received or anticipates receiving outstanding awards



1735 Merriman Road
Akron, OH 44313

330.864-6661 // www.sikich.com
Certified Public Accountants & Advisors
Members of American Institute of Certified Public Accountants

SYSTEM REVIEW REPORT

October 26, 2016

To the Partners of Lance, Soll & Lunghard, LLP
and the Peer Review Committee of the California Society of CPA's:

We have reviewed the system of quality control for the accounting and auditing practice of Lance, Soll & Lunghard, LLP (the Firm) in effect for the year ended May 31, 2016. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The Firm is responsible for designing a system of quality control and complying with it to provide the Firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under Government Auditing Standards and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Lance, Soll & Lunghard, LLP in effect for the year ended May 31, 2016 has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Lance, Soll & Lunghard, LLP has received a peer review rating of *pass*.

Sikich LLP



Richard K. Kikuchi, CPA
Engagement Partner



Deborah A. Harper, CPA
Quality Assurance Partner



Ryan C. Domino, CPA
Audit Manager



Jaymes McGinty
Senior Auditor

PARTNER, SUPERVISORY, AND STAFF QUALIFICATIONS AND EXPERIENCE

KEY PERSONNEL AND RESPECTIVE RESPONSIBILITIES

The individuals assigned have experience in performing the tasks for which they are responsible, as well as familiarity with all municipal accounting operations. In addition, each has developed extensive skills in a variety of other complementary subjects through their work with clients in other industries. Thus, the experience gained on previous assignments can be applied and tailored to the unique needs of your organization. **LSL will not be subcontracting any portion of the audits of the BVBGSA.** The audit for the BVBGSA will be staffed from our Brea location.

The partners at LSL are routinely an integral part of the audit process and will be overseeing and supervising staff personnel in the field. Resumes of the key personnel assigned are included on the following pages and list their governmental auditing experience, applicable continuing professional education for the past three years, and memberships in professional organizations relevant to the performance of the audit of the BVBGSA.

Any changes in personnel at the in-charge level or above will be approved by the BVBGSA. Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted or are assigned to another office. LSL's philosophy is to provide **quality audit services with minimal disruption to BVBGSA (DWP) staff.** Our focused efforts to obtain and retain quality staff have further enabled us to provide high level of services to our clients.

CONTINUING EDUCATION

As a firm policy, all professional government staff meet the requirement of 40 hours of continuing education every year, with at least 24 hours in governmental accounting and auditing in a two-year period. Our educational programs include training from CalCPA, AICPA, Government Audit Quality Center, and GFOA.



RICHARD K. KIKUCHI, CPA
ENGAGEMENT PARTNER

ACHIEVEMENTS

Richard currently serves as a technical reviewer for the Government Finance Officers Association (GFOA) and the California Society of Municipal Finance Officers (CSMFO). He sat on the CSMFO Special Districts Technical Committee and has taught an Introductory Governmental Accounting course through the CSMFO Career Development Committee. Richard recently sat on the California State Board of Accountancy's Qualifications Committee, which is an advisory committee established to examine and to make recommendations for all applicants for the license of Certified Public Accountant.

LICENSE

Certified Public Accountant - California 1991

CONTINUING EDUCATION

Total hours were 142 in last three years of which **64 were in governmental accounting and auditing subjects**. Richard has met the Governmental Auditing Standards requirement for governmental CPE.

MEMBERSHIPS

California Society of Certified Public Accountants (CalCPA)
 American Institute of Certified Public Accountants (AICPA)
 California Society of Municipal Finance Officers, Associate Member (CSMFO)
 Government Finance Officers Association, Associate Member (GFOA)

EXPERIENCE

Richard has over 29 years' experience in governmental audits. He is currently involved on the following major municipal engagements which include utilities and regulatory accounting:

City of Pasadena
 City of Santa Monica
 City of Big Bear Lake
 City of Irwindale
 City of Santa Fe Springs
 City of Indio
 City of Ontario
 City of Rancho Cucamonga
 City of Imperial Beach

City of Santa Barbara
 City of Chula Vista
 City of Monrovia
 City of Banning
 City of Azusa
 City of Manhattan Beach
 American Water Work Association
 Community Development Commission
 Of the County of Los Angeles

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Richard K. Kikuchi, CPA, Partner (Continued)

This work entailed the preparation of the Comprehensive Annual Financial Report for those entities involved in the award programs of the California Society of Municipal Finance Officers and the Government Finance Officers Association of the United States and Canada. Richard has the responsibility for overseeing federal single audits for these clients. These audits have met the requirements of the OMB and have been desk reviewed by the State Controller's Office.

EDUCATION

Bachelor of Arts in Business Administration with an emphasis in Accounting –
California State University, Fullerton 1985



DEBORAH A. HARPER, CPA
QUALITY ASSURANCE PARTNER

ACHIEVEMENTS

Deborah was accepted as a 2015 and 2016 **executive committee member of the AICPA Government Audit Quality Center**, which is a national division for governments. As an executive board member, Deborah participates in the development, review, and first-hand discussion of new standards and guidance published in the AICPA Audit Guides which is provided to audit firms across the country.

In 2017, Deborah also accepted participation in the **GASB Research Note Disclosure Reexamination Roundtable**.

Deborah leads the Lance, Soll & Lunghard, LLP training program and serves as the firm Learning Director.

LICENSE

Certified Public Accountant - California 2005

License Number: 92525

CONTINUING EDUCATION

Total hours were 132 in last three years of which **68 were in governmental accounting and auditing subjects**. Deborah has met the Governmental Auditing Standards requirement for governmental CPE.

MEMBERSHIPS

California Society of Certified Public Accountants (CalCPA)
 American Institute of Certified Public Accountants (AICPA)
 California Society of Municipal Finance Officers, Associate Member (CSMFO)
 Government Finance Officers Association, Associate Member (GFOA)
 Governmental Accounting and Auditing Committee
 AICPA Government Audit Quality Center

EXPERIENCE

Over sixteen years of experience in governmental audits. During her time with the firm, Deborah has performed all phases of our government audits and made numerous presentations to Boards of Directors and Audit Committees.

She has been involved on the following similar engagements:

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Deborah A. Harper, CPA, Partner (Continued)

Cucamonga Valley Water District	City of Glendora
Coachella Valley Water District	City of Simi Valley
Inland Empire Utilities Agency	City of Thousand Oaks
City of Irvine	City of Corona
City of Aliso Viejo	City of Diamond Bar
City of Laguna Niguel	City of Banning
City of Monrovia	City of Claremont
City of Orange	City of Brea
City of Seal Beach	City of Fullerton
City of Chino Hills	

This work entailed:

- The preparation of the Comprehensive Annual Financial Report for those entities involved in the award programs of the California Society of Municipal Finance Officers and the Government Finance Officers Association of the United States and Canada.
- Review the audit of these entities and provide technical assistance throughout the year to deliver the most up to date information with current GASB pronouncement.
- Present the overall audit results to audit committees or other Board Members.

EDUCATION

Bachelor of Arts Degree in Business Administration with an emphasis in Accounting –
California State University, Fullerton 2000



RYAN C. DOMINO, CPA
AUDIT MANAGER

ACHIEVEMENTS

Ryan currently serves as a technical reviewer for the Government Finance Officers Association (GFOA). He has been involved with teaching current audit and accounting related material at Lance, Soll & Lunghard, LLP's in-house training seminars. Ryan has also earned the Advanced Single Audit Certification issued by the AICPA, for planning, performing, and evaluating Single Audits in compliance with the Uniform Guidance.

LICENSE AND CERTIFICATIONS

Certified Public Accountant – California 2016
License Number: 130928

Advanced Single Audit Certificate – 2018
Certificate ID: 14978884
Verify at: credly.com/verify/e48f44

CONTINUING EDUCATION

Total hours were 140 in last three years of which **78 were in governmental accounting and auditing subjects**. Ryan has met the Governmental Auditing Standards requirement for governmental CPE.

MEMBERSHIPS

California Society of Certified Public Accountants (CalCPA)
American Institute of Certified Public Accountants (AICPA)
California Society of Municipal Finance Officers, Associate Member (CSMFO)
Government Finance Officers Association, Special Review Committee Member (GFOA)

EXPERIENCE

Over six years of experience in governmental audits including CAFR audits, component-unit audits, Housing Successor Compliance audits, and Single Audits. Ryan has also made several presentations to City Councils, Boards of Directors, and Audit Committees.

Ryan has been involved in the following municipal engagements:

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**Ryan C. Domino, CPA, Manager (Continued)**

City of Canyon Lake
City of Malibu
Monterey One Water
City of Big Bear Lake
Inland Empire Utilities Agency
City of Indio
City of Inglewood
City of Oceanside
Orange County Fire Authority
City of Vista
Greater Los Angeles County Vector
Control District

Community Development Commission
of the County of Los Angeles
Covered California
City of Agoura Hills
City of Bell
Big Bear Fire Authority
City of Moorpark
City of Rosemead
City of San Clemente
Orange County Water District
City of Solana Beach
City of San Marino

EDUCATION

Bachelor of Arts Degree in Business Administration with an emphasis in Accounting –
California State University, Fullerton 2012



JAYMES MCGINTY
SENIOR AUDITOR

LICENSE

Certified Public Accountant – In Progress

CONTINUING EDUCATION

Total hours were 128 in last three years of which **84 were in governmental accounting and auditing subjects**. Jaymes has met the Governmental Auditing Standards requirement for governmental CPE.

EXPERIENCE

Jaymes has over four years of experience with LSL. During his time with the firm, Jaymes has performed all significant phases of our government audits; including cities, water districts, other special districts, CAFR audits, successor agency audits, and Single Audits. He has been involved in the following municipal engagements:

City of Banning
City of Bell
Coachella Valley Association of
Governments
Coachella Valley Conservation
Commission
Family Services Association
City of Malibu
City of Hidden Hills
City of Lake Elsinore
City of Fullerton
City of Palm Desert
City of Solana Beach

City of Emeryville
Broad Beach Geological Hazard Abatement District
Inland Empire Utilities Agency
City of Indio
Ontario International Airport Authority
City of Vista
City of Camarillo
Ontario Convention Center
City of Santa Monica
City of Pasadena
City of Santa Barbara

EDUCATION

Bachelor of Science in Business Administration, Concentration in Accounting –
California State University, Pomona 2013

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AUDIT APPROACH

LSL will perform the financial audit in accordance with auditing standards generally accepted in the United States of America and with *Government Auditing Standards*. The primary purpose of a financial audit is to express an opinion on the financial statements and that such an examination is subject to an audit risk that errors or irregularities may not be detected. However, if such conditions are discovered which lead us to believe that material errors, defalcations, or other irregularities may exist, or if any other circumstances are encountered that require extended services, LSL will promptly advise BVBGSA of such matters. No extended services will be performed unless they are authorized in the contractual agreement or in an amendment to the agreement. In accordance with auditing standards of the Federal cognizant agency and *Government Auditing Standards*, we will select the necessary procedures to test compliance with the specified laws, regulations, and contracts.

LSL's audit team will meet prior to our initial on-site visit to brainstorm and discuss economic conditions, industry elements, and new standards that will affect the BVBGSA. A trial balance is requested for our planning meeting to assist the LSL team in obtaining knowledge and preparing expectations for the audit year. We will compile a list of "Prepared by Client" ("PBC") items based on our review of prior year financial statements and information gathered. This will be provided to the BVBGSA one month prior to our visit or earlier if requested. We operate on a paperless software system and provide a secured cloud-based portal for all clients. The BVBGSA will have its own folder which can be customized to organize, and upload requested schedules, support documents, etc.

PROPOSED SEGMENTATION OF THE ENGAGEMENT

The services will be divided into three segments.

Segment 1 - Planning and Obtaining an Understanding:

LSL will provide an annual audit communication letter, engagement letter, and Government Audit Quality Center information letter. The audit communication letter is to be provided to the Board of Directors. In addition, this can be communicated orally to the Board or sub-committee, if requested. This communication will discuss the planning stages, the responsibilities of the Board of Directors, auditors, and management, and provide an opportunity for communication with us as the auditors.

**Segment 2 - Financial Audit Testing:**

Based on the information gathered each year thus far, we will utilize a customized audit program based on the risk assessment developed during our assessment of the BVBGSA's internal controls and government auditing standards. The primary benefit of a tailored program is a focused set of procedures to address relevant areas. We believe that this approach will be the most effective and efficient by linking financial statement assertions, audit objectives, and procedures that are basic to most governmental audit engagements and critical to the compliance with other material laws and regulations. We will annually compile another customized "Prepared by Client" (PBC) list for the year-end on-site visit and will provide it to the BVBGSA by the one month prior to the start of fieldwork.

We will request a trial balance for our analytical review to be provided one week prior to our arrival.

Year-end fieldwork will include testing of the balance sheet, revenue and expenditures accounts, confirmation of selected balances, analytical procedures, evaluation of the internal controls and preparation of reports and letters.

Staffing during interim and year-end fieldwork will consist of one senior auditor and one staff auditor. Staff hours during interim fieldwork are estimated to be approximately 9; total staff hours during year-end fieldwork are estimated to be approximately 15, including report review and preparation.

Segment 3 - Conclusion:

Based on our year-end exit meeting we will schedule a plan to finalize the financial statements in the timetable of the BVBGSA. We will schedule dates for the initial and final drafts including time for the BVBGSA's review and approval of the financial statements. In addition, this will account for the review of the engagement partner and quality assurance partner. After the review and receipt of the signed representation letter from the BVBGSA, we will provide the final reports no later than December 16th



SAMPLE SIZE

Our approach may be to utilize statistical sampling in the areas of receipts and disbursements. Here we develop a statistical conclusion based upon an initial computer selected random sample which is based on the population and other risk factors identified. If errors are noted in the sample, the sample size will be expanded. We believe that a random selection can be efficient, while providing each item in the population an equal chance of being selected. Additionally, we may select a stratified sample of all transactions over a specified dollar limit for review. This allows us to cover all high dollar value transactions not otherwise selected in the random sample. Our samples are selected randomly utilizing IDEA data analysis software.

ANALYTICAL PROCEDURES

For the audits of the financial statements, we will use analytical procedures as an overall review of the financial information in the preliminary and final stages of the audits. These procedures are designed to assist us in planning our audits and in assessing the propriety of the conclusions reached, and in the evaluation of the overall financial statement presentation. The procedures to be utilized consist of determining expectations for changes to significant revenue, expenditure and balance sheet accounts, reading the financial statements and related notes, reviewing the budget and related material, and focusing on overall relationships within the financial statements. Once determined, these are reviewed to evaluate if the changes appear reasonable or require further analysis. For all significant differences, explanations are obtained as to why the situation occurred and additional substantive procedures may be applied, and related evidence gathered to resolve concerns and questions.

If the BVBGSA can provide a check register electronically for July 1st forward (period after the audit year), then we can pre-select our sample for accounts payable cut-off test work and provide that information ahead of time. Our PBC list will detail out schedules we would like provided, which is directed

straight from the audit report. Support requested and sampling for these schedules will be assessed each year based on the strengths and weaknesses of the internal control processes of the BVBGSA, and the materiality level of the account. We will discuss our analytical variances with the BVBGSA and obtain documentation that provides support for the accounts.

UNDERSTANDING OF THE BVBGSA'S INTERNAL CONTROL STRUCTURE OVER FINANCIAL REPORTING

To gain an understanding of the internal control structure over the financial statements, we will perform procedures as required by SAS 122-125. This will include review of internal controls in the areas of financial reporting, cash, revenues and receivables, expenses and accounts payable, payroll, capital assets, long-term debt, and grant reporting, as applicable.

Based on the result of our review, we will issue a management letter (SAS 115 Letter) that will identify any significant deficiencies and/or material weaknesses noted. This report is required by the *Government Auditing Standards* issued by the Comptroller General of the United States. Auditing Standards require auditors to obtain an understanding of the entity and its environment along with assessing the risks of material misstatements. LSL obtains an understanding through a variety of ways all throughout the year, but the most pertinent time each year is during our interim on-site visit. We will conduct interviews with management of finance along with each audit section responsible party (e.g. cashier, accounts payable clerk, etc.) to review the processes and controls through observation and discussions. Based on our observations, we will sample transactions as part of a "walk-through" to verify the system of control is working in accordance with policies and procedures.



After our interim on-site visit, we will have an exit meeting to discuss potential weaknesses, if any, and provide any feedback for improvements or valuable information we have gathered from our outside clientele that would benefit the BVBGSA.

DETERMINING LAWS AND REGULATIONS SUBJECT TO AUDIT TEST WORK

The Laws and Regulations that will be subject to audit test work are determined from the applicable laws, regulations, contracts, and grant agreements which we identify through the understanding we obtain of the BVBGSA and our extensive experience with governmental entities.

DRAWING AUDIT SAMPLES

For tests of controls, we use audit sampling. Tests of controls are procedures directed towards determining the effectiveness of the design or operation of an internal structure policy or procedures. Normally, audit sampling is used for tests of controls and tests of compliance that involve inspection of documents and reports indicating performance of the applicable policy or procedures and compliance with the applicable laws and regulations. These sampling procedures test the operating effectiveness of an internal control structure policy or procedures by determining how the policy or procedure was applied, the consistency with which it was applied during the audit period, and by whom it was applied. To achieve this goal, we will draw samples for disbursements, receipts and payroll when applicable. Each document selected will be tested for various attributes that are designed to verify compliance with different aspects of internal controls and applicable laws and regulations. Additionally, each sample item will be tested for coding to the proper accounts and posting to the general ledger. Sample sizes vary based on the population and risk-based calculations.

USE OF COMPUTER SOFTWARE IN THE ENGAGEMENT

We use specialized auditing software to perform our audit in addition to data analysis software to perform audit testing. We also use secure web portals to communicate information.

QUALITY ASSURANCE POLICY AND PROCEDURES

LSL has established strict review procedures to ensure quality reporting in accordance with the standards. These procedures are designed to maximize adherence to quality.



COMPENSATION

The following are the rates and estimated hours to complete the scope of work outlined in your RFP.

Classification	Rate	BVBGSA Audit Hours	BVBGSA State Controller's Report Hours
Partner	\$280	1	0
Manager	\$170	3	1
Senior Auditor	\$125	6	0
Staff Auditor	\$100	14	8
Total		24	9

Total All-Inclusive Maximum Fee

Service	2018-19	2019-20	2020-21
BVBGSA Audit and Related Reports	\$ 2,940	\$ 3,030	\$ 3,120
BVBGSA State Controller's Report	970	1,000	1,030
All Inclusive Maximum Fee	\$ 3,910	\$ 4,030	\$ 4,150

* Fees are subject to an escalation factor of 3 percent per year for future years.



ADDITIONAL INFORMATION

There is no additional information we wish to present.

BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AUTHORITY

Proposal for Professional Audit Services

For the fiscal years ending June 30, 2019, 2020 and 2021

Submitted by:

ROGERS, ANDERSON, MALODY & SCOTT, LLP

Certified Public Accountants

License #2596

FEIN 95-2662063

735 E. Carnegie Drive, Suite 100

San Bernardino, California 92408

Phone (909) 889-0871

Facsimile (909) 889-5361

March 22, 2019

Contact: Scott Manno, Partner

smanno@ramscpa.net

Alternate contact: Brad Welebir, Partner

bwelebir@ramscpa.net



ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

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Attachment A: Government Clients Served



ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

March 22, 2019

735 E. Carnegie Dr., Suite 100
San Bernardino, CA 92408
909 889 0871 T
909 889 5361 F
ramscpa.net

PARTNERS

Brenda L. Odle, CPA, MST
Terry P. Shea, CPA
Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Bradford A. Welebir, CPA, MBA, CGMA
Jay H. Zercher, CPA (Partner Emeritus)
Phillip H. Waller, CPA (Partner Emeritus)
Kirk A. Franks, CPA (Partner Emeritus)

DIRECTORS

Jenny Liu, CPA, MST

MANAGERS / STAFF

Seong-Hyea Lee, CPA, MBA
Charles De Simoni, CPA
Gardenya Duran, CPA
Brianna Schultz, CPA
Jingjie Wu, CPA
Evelyn Morentin-Barcena, CPA
Jin Gu, CPA, MT
Veronica Hernandez, CPA
Tara R. Thorp, CPA, MSA

MEMBERS

American Institute of
Certified Public Accountants

PCPS: The AICPA Alliance
for CPA Firms

Governmental Audit
Quality Center

Employee Benefit Plan
Audit Quality Center

California Society of
Certified Public Accountants

Bear Valley Basin Groundwater
Sustainability Agency
41972 Garstin Drive
Big Bear Lake, California 92315

Evaluation committee:

I am pleased to respond, on behalf of Rogers, Anderson, Malody & Scott, LLP, (RAMS) to your request for a proposal regarding professional auditing services. As a recognized industry leader and innovator, our goal for over the past 70 years has been to provide honest, accurate, objective results to all of our clients, including governmental organizations such as yours. Our success in this effort is witnessed by both the growth of our firm and the list of long-term clients who trust us.

At RAMS, we are committed to achieving the highest quality audit possible. We understand the complexity of performing governmental audits and that's why we have a *dedicated team of auditors* that possess the specialized knowledge and experience to help ensure compliance with changes in regulations that may impact your organization. We plan and execute our audits in a way that maximizes audit efficiency and effectiveness and provides you the highest quality services.

We are aware that the Bear Valley Basin Groundwater Sustainability Agency (the Agency) has other proposals to consider. We believe that RAMS would be the appropriate choice for the audit engagement for the following reasons, which are provided in more detail in our proposal. Our firm:

- Utilizes *Teammate Analytics*, a suite of more than 150 Computer Aided Audit Tools (CAATs). This software empowers our audit teams with the ability to perform powerful, meaningful data analysis which builds upon our other value added services. *Teammate Analytics* also helps to identify specific transactions which may be indicative of fraud.
- Using our CAAT, performs a risk based audit which enables us to focus on key audit areas allowing us to become more efficient resulting in lower audit fees.
- Has an established reputation in the governmental and not-for-profit accounting and auditing community for providing excellent, timely service and high quality reporting to our clients.
- Understands the audit process, as a whole, can be a stressful experience for you and your staff; we understand that you will have other commitments and your regular workloads during the audit period. We make every effort to ensure the audit process, from the interim fieldwork to the preparation of the required financial reports, will be as trouble-free as possible for you and your staff. We accomplish this through comprehensive planning of the audit and utilizing our staff in the most efficient and effective manner while keeping disruptions and miscommunications to a minimum.
- Provides auditing services to over 50 governmental agencies and not-for-profit organizations, including over 20 cities, most of which have enterprise activities.

STABILITY. ACCURACY. TRUST.

- Has audit team members that are personable and easy to work with. Through open and responsive communication with all parties involved in the audit process, we work to have the most efficient audit possible by minimizing operational distractions of your staff, while maximizing quality service and products.
- Provides extensive training and continuing education to all of our audit staff through a combined use of in-house instruction and third-party providers. Our audit team members are experienced with and receive regular training in performing Single Audits in accordance with Federal OMB Uniform Guidance.
- Is committed to helping you meet all reporting/auditing deadlines, resolving any issues encountered during your audit (e.g., accounting or auditing, new pronouncements, etc.), and providing you with quality audit services.
- Has an extensive internal quality control review process to ensure your financial reports meet the highest standards. In addition to the preparation of financial reports by the engagement team and review by the engagement manager, *each report is also examined by 2 partners and 2 professional proofreaders.*
- Has assisted many of our clients with the preparation of their Comprehensive Annual Financial Reports, and all of our clients that have submitted their reports for the Government Finance Officers Association (GFOA) or California Society of Municipal Finance Officers (CSMFO) awards have received the awards. Our participation as a GFOA reviewer also indirectly benefits our clients in the quality review process.
- Is a full service firm, with specialists in auditing, reviews and compilations, tax planning and preparation, as well as business consulting. The diverse experience and accessibility of the professionals in these areas help us to provide a comprehensive approach to a wide variety of needs.
- Believes that our fee estimate and arrangement provides a fair and reasonable cost, commensurate with the experience of the audit team members, to perform the annual audit services for the Agency.

Our all-inclusive fees are as follows: 2019 audit \$4,820, 2019 Single Audit \$4,780; 2020 audit \$4,820, 2020 Single Audit \$4,780; and 2021 audit \$4,960, Single Audit \$4,895.

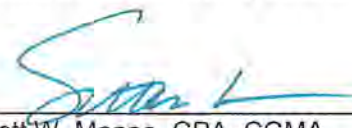
Mr. Manno, Partner and Mr. Welebir, Partner are authorized to represent the firm, are empowered to submit the bid and authorized to sign a contract with the Agency. They can be reached at: 735 E. Carnegie Drive, Suite 100, San Bernardino, CA 92408, (909) 889-0871, bwelebir@ramscpa.net or smanno@ramscpa.net.

We understand the work to be done as listed in the section of this proposal titled *Services to be provided*. In addition, we will be committed to meeting any agreed upon time frames. This proposal is a firm and irrevocable offer for 90 days from the date of the proposal.

Thank you for the opportunity to present our proposal qualifications and to serve as independent auditors to the Agency. We will be committed to exceeding your expectations of an auditor and believe this proposal provides you with information about our firm, the service team members and our customized audit approach. We look forward to having a long and mutually beneficial relationship with the Agency. Please contact us if you have any questions regarding this proposal.

Respectfully yours,

ROGERS, ANDERSON, MALODY & SCOTT, LLP



Scott W. Manno, CPA, CGMA
Partner

BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY

PROPOSAL FOR PROFESSIONAL AUDIT SERVICES

Profile of proposer

About our firm



RAMS was founded in 1948 and is located at 735 E. Carnegie Drive, Suite 100, San Bernardino, California and offers the full range of services expected of a full service accounting firm. We are one of the oldest and most trusted and respected CPA firms in Southern California, with over 70 years of public practice experience, specializing in governmental agency and not-for-profit organization auditing, accounting and management advisory services. Over *nineteen thousand hours per year* are devoted to this area of our practice, which includes cities, redevelopment successor agencies, water agencies, other special districts, not-for-profit corporations and joint power authorities. We

do not use our government accounting and auditing practice as “fill work” for the firm, it is a primary focus of it.

We understand that organizations desire that its auditors have a thorough understanding of the complex accounting and compliance issues confronting Cities such as yours. Our firm has a long history of governmental accounting and auditing. Over the years, we have gained valuable experience, acquired in-depth knowledge, and obtained the technical expertise needed for governmental accounting and auditing. This expertise has enabled us to provide exceptional, high quality service and to provide solutions at fees we feel represent our value to our clients. In addition, we use our participation in various industry associations to continuously update our knowledge with respect to issues relating to governmental accounting, auditing and operations. Any insight we gain is immediately passed on to our clients if we feel they will benefit from it.

Our firm has a total staff of thirty-four people, which includes thirteen certified public accountants. The staff consists of five partners, one director, four managers, eight senior accountants, eleven staff accountants and five support staff. The audit staff consists of twenty-one members who devote over 80% of their time to municipal engagements. The engagement team assigned to the Agency’s engagement will consist of the following full-time staff: one audit partner, one audit manager, one audit senior and two to three staff auditors. All personnel are located in our San Bernardino office.

Our firm is committed to providing our clients with the highest quality service at the most reasonable fee. The professionals assigned to the Agency’s financial audit have each made providing quality service their priority.

BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY

PROPOSAL FOR PROFESSIONAL AUDIT SERVICES

Profile of proposer (continued)

Range of services

Our firm provides various other services in addition to auditing services to governmental and not-for-profit entities, including:



- Finance director and accounting support services
- Study and evaluation of financial condition and fiscal policies
- Transient Occupancy Tax Agreed Upon Procedures
- Franchise (refuse, cable) Agreed Upon Procedures
- Accounting policies and procedures
- Capital improvement program procedures and policies
- Cash management studies
- Financing and public bond offering assistance
- Franchise agreement assistance (ambulance, cable, television, refuse, etc.)

In addition, the firm provides accounting, auditing, attest and consulting services to for profit and not-for-profit entities. We also provide tax preparation and tax consulting services to individuals, corporations and partnerships. **We provide our municipal audit clients tax consultation at no extra charge.**

Mandatory criteria

License to practice in California

Rogers, Anderson, Malody & Scott, LLP is licensed to practice in the State of California. The key professional staff, which includes the partners, managers, and supervisors, are all certified public accountants licensed to practice in the State of California and are in compliance with all applicable Board of Accountancy standards.

Independence

Rogers, Anderson, Malody & Scott, LLP is independent of the Bear Valley Basin Groundwater Sustainability Agency, and any component units, as defined by general standard number two of the generally accepted auditing standards.

We are also independent of the Bear Valley Basin Groundwater Sustainability Agency, and any component units, as defined by the second general standard for government auditing in the U.S. Government Accountability Office's *Government Auditing Standards* (2011).

In addition, our firm has implemented the requirements of Assembly Bill 1345 requiring partner rotation after six consecutive years as lead partner.

Insurance

If selected as the Agency's auditor, we will provide proof of the required insurance coverage.

Final versions

All required reports will be submitted no later than December 16, 2019 unless a different date is agree-upon by both parties.

BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY

PROPOSAL FOR PROFESSIONAL AUDIT SERVICES

Summary of proposer's qualifications

The quality of service you receive is dependent on the capabilities of the individuals assigned to the engagement, and the manner in which those personnel resources are organized to efficiently focus their abilities on providing you with the requested audit services. These professionals are highly trained and knowledgeable and have a thorough understanding of the environment in which governmental and not-for-profit entities operate. This experience is a critical component in providing the Agency with an effective and efficient audit.

Our engagement team will provide significant experience coupled with an extensive, practical understanding of governmental and not-for-profit accounting and auditing along with a broad business perspective. Each member will have access to a wide range of technical resources and knowledge bases which will enable them to provide the Agency with practical observations and effective solutions.

We believe that efficient administrative management and supervision of the audits is an extremely critical factor in achieving the desired results for the Agency. In that regard, our proposal organizational structure for providing independent auditing services is as follows:



BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY

PROPOSAL FOR PROFESSIONAL AUDIT SERVICES

Summary of proposer's qualifications (continued)

Assigned personnel

It is our goal to provide you with capable, competent, and personable individuals who offer an extensive background, not only in governmental and not-for-profit accounting and auditing, but also in general business practices. We offer practical solutions, as well as provide technical support. This enables you to stay at the forefront of governmental and not-for-profit accounting and provides you with the support you need in dealing with the complex issues confronting entities such as yours.

In addition, our engagement team has the managerial and supervisory experience to provide the Agency with a comprehensive audit of the highest quality, while still focusing on personal service. The resumes of the key engagement personnel assigned to the audit are presented near the end of this proposal. The following individuals will be assigned to the engagement for the entire contract period:

Scott W. Manno, CPA, CGMA – Engagement Partner

Scott is a municipal audit partner with the firm and will be the engagement partner. He is licensed to practice as a certified public accountant in the State of California. He has been in public accounting for 24 years specializing in serving local governments such as yours. As the engagement partner, he will be responsible for overall engagement quality, as well as ensuring that the engagement is performed in the most effective and efficient manner. Scott will directly oversee all engagement staff while assisting in planning and performing the engagement as well as reviewing all work-papers prepared during the engagement, in addition to all required reports.

Brad A. Welebir, CPA, CGMA, MBA – Partner, Concurring Partner

Brad is also a municipal audit partner with the firm. He is licensed to practice as a certified public accountant in the State of California. Brad has over 15 years of public accounting experience and has provided accounting, auditing, and consulting services for municipalities, special districts, water agencies, and various nonprofit organizations. As the concurring partner, Brad will work directly with Scott in planning and performing the engagement. In addition, he will provide technical consultation for the engagement team.

Terry Shea, CPA – Partner, Quality Control Reviewer

Terry will be the Quality Control Reviewer. Terry will be responsible for the final quality control review of all released reports. He has over 38 years of practical, governmental accounting and auditing experience. Terry is a working partner and will be actively and continually involved in all aspects of the engagement.

Brianna Schultz, CPA, CGMA – Manager

Brianna is an audit manager with the firm. She is licensed to practice as a certified public accountant in the State of California. Brianna has over 9 years of public accounting experience and has provided accounting, auditing, and consulting services for municipalities, special districts, water agencies, and various nonprofit organizations. Gardenya will work directly with Scott and Brad while supervising the engagement team during all phases of the engagement. In conjunction with Gardenya, she will also oversee the preparation of any required reports.

BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY

PROPOSAL FOR PROFESSIONAL AUDIT SERVICES

Summary of proposer's qualifications (continued)

Veronica Hernandez, CPA – Audit Senior

Veronica is an Audit Senior with the firm. She is licensed to practice as a certified public accountant in the State of California. Veronica has over 4 years' experience in providing accounting and auditing services for municipalities, special districts and various nonprofit organizations. As an audit senior, she will work closely with the engagement partners and managers and be responsible for planning the audit, supervising the staff assigned to the engagement, and performing reviews of all work-papers prepared for the engagement. In addition, she will also be responsible for the preparation of any required reports.

Staff level accountants

All staff employed by us and working on governmental audits are qualified to perform governmental audits. Each staff member is encouraged to take on increased responsibility for engagements previously worked on. This enables our staff to grow on each engagement and allows them to continue to gain the skills and knowledge required to perform the audits.

In summary, we want to emphasize the credentials of the above professionals who will be directly responsible for the quality of service that you will receive. Additionally, our audit team has another attribute that is very important, even though it is intangible -- the professionals assigned to the audits have previously worked together as a multi-disciplined team, thus ensuring a smooth, efficient and effective audit. We are committed to allocating the necessary resources to ensure that we provide continuity of personnel throughout the term of our relationship with the Agency.

Full engagement team resumes are provided as follows.

BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY

PROPOSAL FOR PROFESSIONAL AUDIT SERVICES

Summary of proposer's qualifications (continued)



Scott W. Manno, CPA, CGMA
Engagement Partner

Professional experience

Mr. Manno began his career with Thomas, Bigbie and Smith in 1995 after serving in the United States Army. He spent six years with the firm primarily working on audits of municipalities, special districts and redevelopment agencies as well as various nonprofit organizations. He joined Rogers, Anderson, Malody & Scott, LLP in July 2001. Currently, Mr. Manno serves as a technical reviewer for the GFOA CAFR Award program. Since 2010, Mr. Manno has been serving as a technical volunteer on the California Special Districts Association Audit Committee and is now a member of the Association's fiscal committee providing accounting and fiscal program guidance.

In addition, he is part of the California State Society of Certified Public Accountants Governmental Accounting and Auditing Committee which meets periodically to discuss recent events, pronouncements, etc., including the implementation of GASB 68 and 75.

Education/licenses

Bachelor of Science degree from California State University, San Bernardino
Certified Public Accountant – State of California
Chartered Global Management Accountant – American Institute of Certified Public Accountants

Related professional experience

Partial listing of relevant governmental entities served:

Western Municipal Water District	Vallecitos Water District	Runnings Springs Water District	Crestline Village Water District
San Bernardino Valley Municipal Water District	San Geronio Pass Water Agency	Rincon del Diablo Water District	Twentynine Palms Water District
Pine Cove Water District	Helix Water District	East Valley Water District	Vista Irrigation District
Elsinore Valley WD	Valley Sanitary District	Saticoy Sanitary District	Helendale CSD

Mr. Manno has completed over 220 hours of continuing professional education courses over the past three years of which the following select courses are relevant to this engagement:

- ◆ Association of Certified Fraud Examiners, *Fraud Related Internal Controls*
- ◆ Association of Certified Fraud Examiners, *Fighting Fraud in Government*
- ◆ Checkpoint Learning, *Audits of State and Local Governments*

Professional affiliations

Mr. Manno is a member of the following organizations:

- ◆ American Institute of Certified Public Accountants (AICPA)
- ◆ California Society of Certified Public Accountants (CalCPA)
- ◆ Association of Certified Fraud Examiners (ACFE)
- ◆ Association of Government Accountants (AGA)
- ◆ Government Finance Officers Association (GFOA)
- ◆ California Special Districts Association (CSDA)
- ◆ California Society of Municipal Finance Officers (CSMFO)

BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY

PROPOSAL FOR PROFESSIONAL AUDIT SERVICES

Summary of proposer's qualifications (continued)



Brad A. Welebir, CPA, CGMA, MBA
Concurring Partner

Professional experience

Mr. Welebir joined Rogers, Anderson, Malody & Scott, LLP in January 2004. He works primarily on audits of governmental agencies, small to mid-sized businesses, and nonprofit organizations. Mr. Welebir serves as a technical reviewer for the GFOA CAFR Award program.

Education/licenses

Masters of Business Administration – Accounting Emphasis from California State University, Fullerton
Bachelor of Arts in Business Administration from La Sierra University
Certified Public Accountant – State of California
Chartered Global Management Accountant – American Institute of Certified Public Accountants

Related professional experience

Partial listing of relevant governmental entities served (*includes enterprise fund accounting):

Western Municipal Water District	Helendale Community Services District
Crestline Village Water District	Crestline-Lake Arrowhead Water Agency
San Geronio Pass Water Agency	San Bernardino Valley Municipal Water District
Helix Water District	Valley Water Company
Big Bear Area Regional Wastewater Agency	Running Springs Water District
Vista Irrigation District	Crestline Sanitation District
Inland Empire Resource Conservation District	City of Redondo Beach*

Continuing professional education

Mr. Welebir has completed over 120 hours of continuing professional education courses in the past three years of which the following select courses are relevant to this engagement:

- ◆ California Society of CPAs Education Foundation, *Governmental Accounting and Auditing Update*
- ◆ American Institute of Certified Public Accountants, *OMB A-133 Single Audit Update*
- ◆ California Society of Municipal Finance Officers, *Annual Conference Sessions*
- ◆ Government Finance Officers Association, *GAAP Update*
- ◆ Thomson Reuters, *Yellow Book Update*

Professional affiliations

Mr. Welebir is a member of the following professional organizations:

- ◆ American Institute of Certified Public Accountants (AICPA)
- ◆ California Society of Certified Public Accountants (CalCPA)
- ◆ Government Finance Officers Association (GFOA)
- ◆ California Society of Municipal Finance Officers (CSMFO)
- ◆ California Special Districts Association (CSDA)

BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY

PROPOSAL FOR PROFESSIONAL AUDIT SERVICES

Summary of proposer's qualifications (continued)



Terry P. Shea, CPA
Quality Control Partner

Professional experience

Mr. Shea began his career with Thomas, Byrne and Smith in 1981. He spent five years with the firm primarily working on audits of municipalities, special districts, redevelopment and other governmental agencies. He joined Rogers, Anderson, Malody & Scott, LLP in 1987 where he has completed governmental audits including municipalities and provided financial consulting services for various cities.

Education/licenses

Bachelor of Arts degree from California State University, Fullerton
Certified Public Accountant – State of California

Related professional experience

Partial listing of relevant governmental entities served (*includes enterprise fund accounting):

San Bernardino Valley Municipal Water District	San Geronio Pass Water Agency	Pine Cove Water District
Saticoy Sanitary District	Vallecitos Water District	Crestline-Lake Arrowhead Water Agency
Twentynine Palms Water District	Ventura Regional Sanitation District	Helix Water District
City of Corona*	City of Palm Desert*	City of Fillmore
City of Norco*	City of Coachella	City of Redondo Beach*
		City of Poway*
		City of San Marcos*

Mr. Shea served as the Interim Finance Director for the City of Perris from July 1998 to October 2001. He currently serves as the Contract Finance Director for one Riverside County city and one Los Angeles County city.

Continuing professional education

Mr. Shea has completed over 120 hours of continuing professional education courses in the past three years, of which, the following select courses are relevant to this engagement:

- ◆ American Institute of Certified Public Accountants, *Foundations in Governmental Accounting*
- ◆ American Institute of Certified Public Accountants, *Governmental and Not-for Profit Conference*
- ◆ California Society of CPAs Education Foundation, *Governmental Auditing Skills*
- ◆ Thomson Reuters, *Audits of State and Local Governments*

Professional affiliations

Mr. Shea is a member of the following professional organizations:

- ◆ American Institute of Certified Public Accountants (AICPA)
- ◆ California Society of Certified Public Accountants (CalCPA)
- ◆ Government Finance Officers Association (GFOA)
- ◆ California Society of Municipal Finance Officers (CSMFO)

BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY

PROPOSAL FOR PROFESSIONAL AUDIT SERVICES

Summary of proposer's qualifications (continued)



**Brianna Schultz, CPA, CGMA
Manager**

Professional Experience

Mrs. Schultz began her career with Rogers, Anderson, Malody & Scott, LLP in July 2014, and had over four years experience with another public accounting firm serving the same industry. During her time with the firm, she has worked primarily on audits of municipalities, special districts and redevelopment agencies, as well as various non-profit organizations.

Education

Bachelor of Science degree from California State University, San Bernardino
Certified Public Accountant – State of California
Chartered Global Management Accountant – American Institute of Certified Public Accountants

Related Professional Experience

Partial listing of relevant governmental entities served (*includes enterprise fund accounting):

Yucaipa Valley Water District	Vallecitos Water District
Vista Irrigation District	Beaumont-Cherry Valley Water District
Pine Cove Water District	Orange County Cemetery District
Rubidoux Community Services District	City of La Mesa*
San Bernardino Valley Municipal Water District	City of Poway*
Rosamond Community Services District*	County of San Bernardino

Continuing Professional Education

Mrs. Schultz has completed over 100 hours of continuing professional education courses over the past two years of which the following select courses are relevant to this engagement:

- ◆ California Society of Municipal Finance Officers, *2017 GASB Update*
- ◆ American Institute of Certified Public Accountants, *Applying the Uniform Guidance for Federal Awards in Your Single Audits*
- ◆ CCH Checkpoint, *Accounting and Auditing Update*

Professional Affiliations

Mrs. Schultz is a member of the following professional organizations:

- ◆ American Institute of Certified Public Accountants (AICPA)
- ◆ California Society of Certified Public Accountants (CalCPA)
- ◆ Government Finance Officers Association (GFOA)
- ◆ California Society of Municipal Finance Officers (CSMFO)

BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY

PROPOSAL FOR PROFESSIONAL AUDIT SERVICES

Summary of proposer's qualifications (continued)

Recent local and regional office auditing experience

See Attachment A for our recent auditing experience.

External quality control review

As a member of the AICPA Private Companies Practice Section, our firm has participated in "Peer Review" since 1993 and has been examined every three years since that date. Participation in this program ensures that all of our engagements meet the standards of the AICPA, the Yellow Book and the California State Board of Accountancy. Throughout our participation in this program, the firm has received pass ratings from the peer reviewers. The latest review below included reviews of specific governmental entities.

During the current review, an independent firm reviewed our policies and procedures and then inspected a representative sample of engagement workpapers and reports, including governmental entities and engagements subject to the Uniform Guidance. For the year ended November 30, 2017, **our firm received a rating of pass** which indicates our auditing practice is suitably designed and complied with to provide reasonable assurance of performing and reporting in conformity with applicable standards. The results provided confirmation that the custom audit approach and procedures we use are technically sound and in compliance with applicable standards.

The firm is not aware of any federal or state desk reviews or field reviews of its audits during the last three years.

Disciplinary action

The firm **has never** had any disciplinary action taken or pending against it with state regulatory bodies or professional organizations, nor has it ever had any pending or settled litigation, civil or criminal investigations.

Our firm does not have a record of substandard work.

In addition to the external quality control review, our firm performs in-house peer reviews over our audit and attest engagements annually.

Grant Bennett Associates

A PROFESSIONAL CORPORATION

Report on the Firm's System of Quality Control

May 15, 2018

To the Partners of Rogers, Anderson, Malody & Scott, LLP and the Peer Review Committee of the California Society of CPAs:

We have reviewed the system of quality control for the accounting and auditing practice of Rogers, Anderson, Malody & Scott, LLP (the firm) in effect for the year ended November 30, 2017. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under Government Auditing Standards, including a compliance audit under the Single Audit Act and an audit of an employee benefit plan.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Rogers, Anderson, Malody & Scott, LLP in effect for the year ended November 30, 2017, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies) or fail. Rogers, Anderson, Malody & Scott, LLP has received a peer review rating of pass.

Grant Bennett Associates

GRANT BENNETT ASSOCIATES
A PROFESSIONAL CORPORATION
Certified Public Accountants



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BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY

PROPOSAL FOR PROFESSIONAL AUDIT SERVICES

Proposers approach to the audit

Services to be provided

The Agency desires the auditor to express an opinion on the fair presentation of its financial statements in conformity with generally accepted accounting principles for the fiscal years under this proposal. The primary purpose of our audit is to express an opinion on the financial statements, and as such, the audit is subject to inherent risk that errors or irregularities may not be detected by us. If conditions are discovered which lead us to believe that material errors, defalcations, or other irregularities may exist, or if any other circumstances are encountered that require extended services, we will promptly advise the Agency. No extended services will be performed unless they are authorized in the contractual agreement or in amendment to the agreement.

We will perform an audit of the Bear Valley Basin Groundwater Sustainability Agency, and in addition, we shall:

- Prepare the basic financial statements of the Agency.
- We will also apply limited audit procedures to Management's Discussion and Analysis (MD&A) and any required supplementary information, if applicable.
- Perform the Single Audit (if applicable) on the expenditures of federal grants in accordance with *Uniform Guidance* and render the appropriate audit reports as needed.
- Issue a separate report on internal controls over compliance and other matters based on an audit of the financial statements performed in accordance with *Government Auditing Standards*.
- Issue any other reports that may become required as a result of a change in accounting standards or new pronouncements that become effective during the term of the engagement

Our audit(s) will be in accordance with:

- Generally Accepted Auditing Standards as promulgated by the American Institute of Certified Public Accountants, including requirements found in the new AICPA audit guide "Audits of State and Local Governments".
- Government Auditing Standards issued by the Comptroller of the United States of America.
- *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (OMB Uniform Guidance).
- The Minimum Audit Requirements and Reporting Guidelines for Special Districts.
- Specific auditing standards relating to any grant agreement determined to be material by the auditor.
- Any other applicable standards for conducting the examinations of items outlined in the Scope of Work to be performed and/or reports to be issued.

Reports to be issued:

- A report on the fair presentation of the financial statements.
- A report to those charged with governance in accordance with SAS 114.
- A report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
- A report in compliance with requirements applicable to each major federal program and internal control over compliance in accordance with the *Uniform Guidance*, if applicable.

The Firm will also perform the following services:

- We shall communicate to management any reportable conditions found during the audit, including significant deficiencies and material weaknesses, nonreportable conditions will be reported in a separate letter to management.
- Make an immediate, written report of all irregularities and illegal acts of which we become aware.

BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY

PROPOSAL FOR PROFESSIONAL AUDIT SERVICES

Proposers approach to the audit (continued)

All working papers and reports will be retained (at our expense) for a minimum of seven (7) years, unless we are notified by the Agency of the need to extend that retention period.

Engagement approach

Our engagement approach for your audit will be developed using established goals which will enable measurement of the audit process by the engagement partner and supervisor. Our approach involves frequent communication between the partner and the engagement team to ensure that all audit objectives are achieved in accordance with the established goals and that any issues which may arise are communicated and dealt with on a timely basis. Our overall knowledge and expertise in governmental accounting and auditing has allowed us to identify key audit and accounting risks in the government environment. More importantly, the approach provides for a complete reassessment of the management and control environment in each year's audit and thus is capable of responding to changes and will ensure that deadlines are met in issuing the annual financial statements.

Our engagement approach has been developed and refined over many years. The backbone of our approach revolves around the following six constants:

- **Knowledge and experience.** We have been auditing governmental entities like the Agency, both large and small, for over 70 years. This experience has allowed us to gain in-depth knowledge of the governmental environment which in turn allows us to perform a more efficient and effective audit and enables us to perform detailed risk assessment procedures. These risk assessment procedures allow us to identify significant audit risk areas within the Agency.
- **Oversight.** Professional judgment is not developed overnight. Our partners, managers and supervisors have been deeply involved in governmental audits on a continuous basis for most of their professional careers. By having direct partner and manager oversight, we are able to design audit strategies that result in effective and efficient audits.
- **Timeliness.** Deadlines are not just "dates" to us, they are professional commitments. All required deadlines will be met.
- **Open communication.** Open lines of communication with all parties (the engagement team members and Agency Management and staff) throughout the audit process helps to eliminate "surprises." Proper planning and proper use of experienced engagement personnel tend to provide for an effective and efficient audit process. Consequently, inefficiencies, disruptions, and lack of understanding are kept to a minimum.
- **Availability.** All engagement team members are available throughout the year for any questions or additional consultation.
- **Cost effectiveness.** Our customized audit approach and procedures and our experienced auditors help to reduce your overall audit costs.

BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY

PROPOSAL FOR PROFESSIONAL AUDIT SERVICES

Proposers approach to the audit (continued)

As indicated in the next section of the proposal, the overall objective of the engagement with the Agency is to conduct an audit of the financial statements in accordance with required auditing standards and the expression of an opinion on those financial statements. Beyond that initial objective, we believe that our engagement approach provides certain other value added characteristics, at no additional cost, that will benefit the Agency over the long-term:

- All of our audits are designed to be performed in an efficient and effective way to minimize disruption to the office operations.
- We offer practical observations and recommendations relating to internal control issues, implementation of accounting standards and the policies and procedures regarding both.
- We identify opportunities for operating efficiencies which can be used to decrease operating costs of the Agency.

Audit approach and audit segmentation

The following is a summary of the audit team's audit approach for the Agency's engagement. The audit will be divided into the following segments:

Segment 1 – Interim testing – planning, pre-audit administration and internal control testing

During this phase of the audit, our principal objectives will be to gather information about the Agency and its environment, including internal control over financial reporting.

In order to achieve the desired objectives of this phase of the audit, we will:

- Meet with the Agency's staff in order to determine convenient dates in which we can begin our audit, and to discuss the assistance to be provided by the Agency's staff.
- Hold brainstorming sessions with engagement team members to discuss the susceptibility of the Agency's financial statements to material misstatement and fraud.
- Review and evaluate the Agency's accounting and reporting processes by reviewing the prior year's audit workpapers, any Agency-prepared documents such as budgets, in-house financial reports, policies and procedures manuals, minutes of board meetings, etc., and by using various analytical procedures. Analytical procedures will enhance our understanding of the Agency and will help us identify areas that may need further assessment and additional testing.
- Review and retain copies of any pertinent local, state and federal statutes, regulations, or charters that apply to the Agency.
- Evaluate the design of controls that are relevant to the audit by obtaining a thorough understanding of the Agency's internal controls over financial reporting and compliance by documenting key internal control components, utilizing questionnaires, walkthroughs, inquiring of the Agency's personnel, and observing and reviewing key supporting documentation (a more thorough explanation of this process is discussed later in the technical proposal).
- Test controls, if control risk is assessed below the maximum, by selecting a sample of transactions within the audit area being tested and reviewing supporting documentation, and evaluating the completeness of the documentation tested, as well as the adequacy of support and approvals as they appear on the support.
- Document and review with management, any findings noted during the testing of internal controls and provide a preliminary management letter that will include our recommendations for improving any weaknesses in operations. The letter will also include suggestions for improving the efficiency of the Agency's operations.

BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY

PROPOSAL FOR PROFESSIONAL AUDIT SERVICES

Proposers approach to the audit (continued)

Segment 2 – Year end testing – substantive testing

During this phase of the audit, our principal objectives will be to assess the risk of material misstatement at the financial statement level and specific assertions, design overall responses to assessed risks and further audit procedures, perform substantive tests, as needed, and complete the audit and evaluate audit findings, if applicable.

In order to achieve the desired objectives of this phase of the audit, we will:

- Determine whether our testing supports the assessed level of risk initially assigned at the financial statement level and at the assertion level.
- Identify significant risks.
- Develop a detailed audit plan.
- Design substantive tests of account balances, designed and modified specifically for the Agency's operations and assessed level of risk. Substantive procedures could, depending on our risk assessment, consist of the following (the list below is not all inclusive):
 - Confirmation of cash and investment balances
 - Testing of cash and investment reconciliations, fair value level, etc.
 - Testing for compliance with the Agency's investment policy
 - Testing of interest income allocations to the various funds
 - Analytical review and subsequent receipt testing of significant receivables
 - Evaluate if receivables are valued properly and perform tests of balances in conjunction with the testing of revenues
 - Testing of significant inventory and other asset accounts
 - Testing of additions and deletions to capital assets, including CIP accounts
 - Perform a search for unrecorded liabilities
 - Testing of significant liability and accrued liability accounts
 - Evaluate the support for compensated absences
 - Review the valuation of claims and judgments
 - Testing of long-term debt balances and debt covenants (including pension and OPEB)
 - Analytical review of interest expense
 - Testing of net position (net asset) classifications
 - Testing of revenues through either analytical procedures and/or detailed testing
 - Testing of expenses through either analytical procedures and/or detailed testing
 - Payroll testing for compliance with approved salary schedules
 - Review the minutes of the board meetings
 - Review significant contracts, debt issuances, leases and other agreements
 - Review of subsequent events after year end (through the completion of our audit)
 - Testing for significant commitments to be disclosed in the financial statements
 - Confirm with legal counsel any significant legal matters affecting the Agency

BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY

PROPOSAL FOR PROFESSIONAL AUDIT SERVICES

Proposers approach to the audit (continued)

Segment 3 – Reporting – report preparation/audit conclusion (workpaper review)

During this phase of the audit, our principal objectives will be to evaluate whether the financial statements, taken as a whole, are free from material misstatement and form an opinion(s) and issue our report.

In order to achieve the desired objectives of this phase of the audit, we will:

- Determine whether, based on our substantive testing and other procedures, the financial statements, taken as a whole, are free of material misstatement. This will provide the basis for our opinion(s).
- Review all audit workpapers to ensure that the audit was performed in accordance with the required standards (GAAS, GAGAS, etc.).
- Prepare drafts of all required reports by the agreed-upon dates.
- Conduct an independent review of the financial statement draft by the engagement's quality control partner.
- Issue all reports by the agreed-upon dates.

The above procedures are a general list of procedures to be performed. After our initial review of the Agency and our detailed risk assessment, we will customize the engagement and gear it towards the needs of the Agency and the audit itself. In doing so, we will determine which procedures to perform relative to our risk assessment. All of our audits are customized to each entity, helping to ensure a complete, effective, and efficient audit. The foundation of the above approach is based on open communication coupled with a strong knowledge of the Agency's operations and detailed planning at the initial stages of the audit.

Our firm is dedicated to performing a timely audit engagement. Prior to the start of the audit, we will meet with Agency staff and decide on adequate timeframes, agreed upon by both the Agency and us, for the performance of the audit and the release of the financial statements. *We will dedicate the necessary resources to meet any agree upon time frames.*

Sample sizes

Our sample sizes will be determined in accordance with the AICPA's Audit and Accounting Guide, Audit Sampling, and will be selected using professional judgment as permitted by SAS's. Our methods are designed to provide the most audit coverage without expending excess time. Our sample sizes will depend upon our preliminary assessment of control risk, our planned substantive testing and analytical procedures as well as our professional judgement.

We utilize our Computer Aided Audit Tools (CAAT) software, *Teammate Analytics*, to draw our audit samples. The software allows us to generate random samples, systematic samples, stratified samples, attributes samples as well as monetary unit samples (also called probability-proportional-to-size or dollar unit sampling).

Approach in drawing samples for compliance testing

Our approach to be taken in drawing audit samples for purposes of tests of compliance will depend on the number of transactions, the amounts of financial assistance provided (as applicable), and the Agency's internal controls over the respective programs. Our audits are designed to ensure we will select samples that will provide sufficient evidence of the Agency's compliance with the laws and regulations that will have a material effect on compliance with laws and regulations.

As mentioned above, we utilize our CAAT software to draw our audit samples.

BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY

PROPOSAL FOR PROFESSIONAL AUDIT SERVICES

Proposers approach to the audit (continued)

Understanding of internal control over financial reporting

Our approach to obtaining an understanding of the Agency's internal control over financial reporting will be performed in accordance with professional standards as promulgated by the American Institute of Certified Public Accountants -- our understanding will include the *Control Environment*, *Risk Assessment*, *Control Activities*, *Information and Communication*, and *Monitoring*. We will use customized procedures which we have developed internally to evaluate your internal control systems. By combining our customized procedures and our detailed knowledge of the Agency and its environment, we will be able to provide constructive feedback in areas we feel need improvement. In addition to our customized procedures, we will also perform the following:

Control Environment. Through inquiry of the Agency's personnel, prompted by questionnaires, personal knowledge, and review of the minutes of the Agency's board meetings, we will obtain an understanding of management's and the Agency Board's attitudes, awareness and actions concerning the control environment, focusing on the substance of the controls rather than their form.

Risk Assessment. Through inquiry of the Agency's personnel and the use of questionnaires, we will obtain sufficient knowledge of the Agency's risk assessment process to understand how management considers risks relevant to financial reporting objectives and decides upon actions to address those risks. This will include understanding how management identifies risks, estimates the significance of these risks, assesses the likelihood of their occurrence, and relates them to financial reporting.

Control Activities. Certain control procedures will be documented during our analysis of the control environment and the accounting system. However, many specific control procedures will still need to be documented that will focus primarily on the Agency's major transaction cycles. As mentioned above, we will test the Agency's control procedures on which we intend to rely on for safeguarding assets from unauthorized use or disposition and detecting/preventing unauthorized transactions. Any flow charts, organizational charts and any other manuals, programs, and financial and management information systems will be analyzed during this process.

Information and Communication. Through inquiry of the Agency's personnel, we will identify the major types of transactions engaged in by the Agency. We will become familiar with the treatment of those transactions, including how the transactions are initiated, the related accounting records, and the manner of processing the transactions. Finally, we will obtain an understanding of the Agency's financial reporting process used to prepare financial reports, including the approaches used in making accounting estimates and disclosures.

Monitoring. Through inquiry of the Agency's personnel and the use of questionnaires, we will obtain sufficient knowledge of the major types of activities the Agency uses to monitor internal control over financial reporting. We will also determine how those activities are used to initiate corrective actions.

BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY

PROPOSAL FOR PROFESSIONAL AUDIT SERVICES

Proposers approach to the audit (continued)

Audit technology

Using our audit software (Engagement and Teammate Analytics), all audit team members are linked to each other using a local router which enables them to share information at an almost real-time speed. Below are benefits of our audit software:

- ***We utilize Teammate Analytics, a suite of more than 150 dynamic Computer Aided Audit Tools (CAATs). Using data received directly from the Agency, we can perform the following: search for duplicate checks, detect transactions occurring on holidays/weekends or during unusual hours, perform Benford's Law analysis, and identify instances when a vendor has issued multiple invoices with sequential references along with many other tests. The software empowers our audit teams with the ability to perform powerful, meaningful data analysis which will build upon our other value added services.***
- We can create our own analytical schedules allowing for easy analysis of current balances to prior year balance, current vs budget balance, thus reducing significant Agency staff time.
- Once your trial balances and financial statements are entered into our software, we are able to observe your statements in the field allowing us to notice any variances and address them at your office.
- We link the financial statement schedules directly to our audit software trial balances, and as a result, we can provide the Agency with fund financial statements almost immediately after importing the trial balances.
- We can provide the Agency with our audited trial balances which show the coding of the financial statement schedules for ease of review for Agency staff. These reports show each account coded to a specific financial statement line item as well as journal entries posted during the audit.

Analytical procedures

In order to properly utilize analytical procedures, industry background and knowledge are needed. With our firm's long history and qualified staff, we believe we have the necessary knowledge and experience to affectively apply analytical procedures. We will utilize analytical review procedures throughout our audit of the Agency. During the *interim* phase of our audit, we will compare current and prior year unadjusted balances to determine areas that may need additional analysis; we will also compare current year actual amounts to the Agency's annual budget. During the *final* phase of our audit, we will perform procedures similar to those mentioned above, as well as compare certain financial ratios for current and prior years. We will also conduct certain "reasonableness" tests. Any significant variances are investigated further through inquiry and other substantive testing as deemed necessary until resolved to our satisfaction. Finally, after we have completed our fieldwork, we will compare current and prior year audited balances, keeping in mind expected relationships obtained from our knowledge of the Agency and various other entities. In addition, we may choose to use various other analytical techniques such as trend analysis, etc.

Unlike many other firms, we use analytical procedures to supplement our substantive testing, not supplant them.

BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY

PROPOSAL FOR PROFESSIONAL AUDIT SERVICES

Proposers approach to the audit (continued)

Approach in determining applicable laws and regulations

We understand the importance of laws and regulations in planning an audit of a local government or not-for-profit entity and design all of our audits to ensure we test transactions for compliance. As part of our audit process, our audit team will obtain an understanding of the laws and regulations that will have a direct and material effect on the Agency's financial statements. In determining which laws and regulations are applicable to the Agency's financial statement audit, we will consult the following sources:

- AICPA Audit and Accounting Guide, *Audits of State and Local Governments*
- California Government Code (investments, GANN limit requirements, etc.)
- U.S. Government Accountability Office's *Government Auditing Standards* (The Yellow Book), 2011 Revision (for the 2021 audit we will follow the 2018 Revision)
- Applicable contracts/grants of the Agency
- *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (OMB Uniform Guidance)

After consulting the applicable sources, we will design our audit to provide reasonable assurance of detecting material instances of noncompliance while continuing to refer back to the applicable compliance guideline to ensure changes in compliance are not missed.

Evaluation of internal controls and management letter comments

In connection with each audit, a comprehensive review of internal controls over financial reporting will be performed. Our firm uses customized internal control questionnaires, information technology questionnaires and narratives to gain an understanding of the internal control process during the audit process. If we identify any weaknesses and after discussion with the appropriate Agency staff, we will submit a management comment letter which will identify weaknesses observed during the audit process. The management comment letter will provide our recommendation for correction and we will also provide management with the opportunity to comment on our findings.

There are three classifications of internal control deficiencies. We will work carefully with your staff to ensure the correct classification of any identified internal control deficiencies. The three classifications are as follows:

- *Control deficiency* – a minor internal control deficiency that can be communicated either verbally or in writing to management.
- *Significant deficiency* – a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance, and must be communicated in writing.
- *Material weakness* – a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis, and must be communicated in writing to those charged with governance.

When we prepare internal control recommendations, we obtain a thorough understanding of the specific circumstances surrounding the finding, and discuss the matters with management prior to drafting the letter. We work with your staff to ensure that the recommendation is reasonable and practical to implement.

BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY

PROPOSAL FOR PROFESSIONAL AUDIT SERVICES

Proposers approach to the audit (continued)

Level of staff and estimated number of hours assigned to each segment

Segment	Partner	Manager	Senior	Staff	Total
Segment 1	1	1	2	7	11
Segment 2	1	1	5	10	17
Segment 3	1	1	3	2	7
Totals*	3	3	10	19	35

* = audit only

Compensation

Fiscal year 2019 – audit

	Standard hourly rates	Hourly rates	Hours	Total
Partner	\$ 300	\$ 275	3	\$ 825
Manager	200	185	3	555
Senior	145	135	10	1,350
Staff	115	110	19	2,090
			35	
Sub-total				4,820
Out-of-pocket expenses:				
Meals and lodging, transportation, other				-
Total all-inclusive maximum price fiscal year 2019 audit				\$ 4,820

Fiscal year 2019 - Single Audit

	Standard hourly rates	Hourly rates	Hours	Total
Partner	\$ 300	\$ 275	2	\$ 550
Manager	200	185	3	555
Senior	145	135	15	2,025
Staff	115	110	15	1,650
			35	
Sub-total				4,780
Out-of-pocket expenses:				
Meals and lodging, transportation, other				-
Total all-inclusive maximum price fiscal year 2019 - Single Audit				\$ 4,780

BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY

PROPOSAL FOR PROFESSIONAL AUDIT SERVICES

Compensation (continued)

Fiscal year 2020 – audit

	Standard hourly rates	Hourly rates	Hours	Total
Partner	\$ 305	\$ 275	3	\$ 825
Manager	205	185	3	555
Senior	150	135	10	1,350
Staff	120	110	19	2,090
			<u>35</u>	
Sub-total				4,820
Out-of-pocket expenses:				
Meals and lodging, transportation, other				-
Total all-inclusive maximum price fiscal year 2020 audit				<u>\$ 4,820</u>

Fiscal year 2020 - Single Audit

	Standard hourly rates	Hourly rates	Hours	Total
Partner	\$ 305	\$ 275	2	\$ 550
Manager	205	185	3	555
Senior	150	135	15	2,025
Staff	120	110	15	1,650
			<u>35</u>	
Sub-total				4,780
Out-of-pocket expenses:				
Meals and lodging, transportation, other				-
Total all-inclusive maximum price fiscal year 2020 - Single Audit				<u>\$ 4,780</u>

BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY

PROPOSAL FOR PROFESSIONAL AUDIT SERVICES

Compensation (continued)

Fiscal year 2021 – audit

	Standard hourly rates	Hourly rates	Hours	Total
Partner	\$ 310	\$ 280	3	\$ 840
Manager	210	195	3	585
Senior	155	135	10	1,350
Staff	125	115	19	2,185
			<u>35</u>	
Sub-total				4,960
Out-of-pocket expenses:				
Meals and lodging, transportation, other				-
Total all-inclusive maximum price fiscal year 2021 audit				<u>\$ 4,960</u>

Fiscal year 2021 - Single audit

	Standard hourly rates	Hourly rates	Hours	Total
Partner	\$ 310	\$ 280	2	\$ 560
Manager	210	195	3	585
Senior	155	135	15	2,025
Staff	125	115	15	1,725
			<u>35</u>	
Sub-total				4,895
Out-of-pocket expenses:				
Meals and lodging, transportation, other				-
Total all-inclusive maximum price fiscal year 2021 - Single Audit				<u>\$ 4,895</u>

Our fee estimates are based on the current, known activity of the Agency. If the Agency should have a significant increase in transactions and the scope of the audit significantly increases, we may request to negotiate a new fee.

The Single Audit fee is for the first major program, each additional major program is \$3,250.

BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY

PROPOSAL FOR PROFESSIONAL AUDIT SERVICES

Additional information

Partner and supervisory staff involvement

All partners and supervisory staff are working professionals and are actively and continually involved in all aspects of their engagements. We believe that partner and supervisory staff involvement in all areas of the audit is a key aspect of the overall audit process. This involvement includes being on-site for interim and year-end fieldwork, thus facilitating a proper, efficient and effective audit, with minimal disruption of your staff. In addition, the time spent on-site by the partners and supervisory staff ensures they gain an understanding of the entire Agency's accounting processes and procedures. This understanding will enable them to evaluate and develop opportunities for efficiency as well as offer practical and functional advice for improving your accounting processes and procedures.

All professionals on this engagement have worked on audits similar in nature to the Agency's, therefore, the Agency will not have to train our engagement team.

Staff continuity

Continuity of audit staff is a principal concern with our firm. In order to retain our staff, we offer extremely competitive wages, opportunities for advancement, generous medical packages, a retirement plan, bonus opportunities, as well as educational benefits. Even with the benefits we provide, we realize we may lose staff at any given time. Knowing this, we plan to provide staff continuity from year to year, which is in the best interest of the Agency and our firm. Continuity ensures an orderly, efficient, and less disruptive audit experience. Since we cannot guarantee staff will remain with us, principal supervisory and management staff, including engagement partners, managers, other supervisory staff, and specialists, may be changed if those personnel leave the firm or are promoted. However, the Agency reserves the right to accept or reject replacements.

We believe that due to the significant involvement of the partners on all of our engagements, any staff transition would have a minimal effect on the audit efficiency and effectiveness of subsequent years.

BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY

PROPOSAL FOR PROFESSIONAL AUDIT SERVICES

Additional information (continued)

Continuing professional education

Our team of auditor specialists stays current in this highly technical practice area by adhering to the continuing professional education requirements of *Government Auditing Standards* as well as the State Board of Accountancy guidelines. All professionals at our firm participate in continuing professional education (CPE) programs, which are sponsored by various organizations including the Government Finance Officers Association, the American Institute of Certified Public Accountants, the California State Society of Certified Public Accountants, the California Society of Municipal Finance Officers and the Association of Government Accountants. Participation in these programs helps us to ensure that our clients are serviced with the best trained and most proficient government and not-for-profit auditors and accountants available. In addition, we provide in-house training taught by our partners and senior level staff using published resources. All staff are required to attend fraud and ethics training. It is our goal to provide our professional staff continuing education which exceeds the minimum standard of 80 hours over two years.

In accordance with our firm's Quality Control document and *Government Auditing Standards (GAS)*, all staff members who work on audits subject to GAS are required to complete CPE in accordance with GAS standards which require 24 hours directly related to governmental accounting and auditing.

In addition to the required CPE, we also use the following to increase our technical knowledge: view the Governmental Audit Quality Center Annual Webcast Update and other relevant seminars and review monthly publications from the AICPA, the GFOA, and various other resources. We also attend conferences and seminars sponsored by the GFOA, California Society of Municipal Finance Officers and the California Special District Association.

Engagement quality control

We have an extensive internal quality control review process to ensure your audit meets the highest standards. In addition to the preparation of financial reports by the senior member of the engagement team, each report is reviewed by the engagement manager and is also examined by the engagement partner and the technical review partner, and is proofread by two professional staff. In addition, all audit workpapers are reviewed by the in-charge auditor and the partner in-charge of the engagement.

Equal Opportunity Employer

Our firm is an equal opportunity employer and is committed to providing employment opportunities to all qualified persons regardless of race, color, sex, religion, national origin or handicap. Our staff represents a wide range of cultures and ethnic backgrounds. We provide opportunities for advancement for all staff based on ability, skill and desire to advance.

CAFR preparation

We have extensive experience in the preparation of Comprehensive Annual Financial Reports (CAFR). For the fiscal year ended June 30, 2016 and 2017, our staff prepared over 15 CAFR's, and each entity received the Certificate of Achievement for Excellence in Financial Reporting from the GFOA. For the fiscal year ended June 30, 2018, again, our staff will prepare over 20 CAFR's for our clients for their submittal to the GFOA. In addition, we have helped many cities and special districts develop their first year's report for submittal. The audit partner on the engagement is also a technical reviewer for the GFOA CAFR award program. **In addition, we review all of the CAFR's for compliance with the GFOA certificate program checklist.**

BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY

PROPOSAL FOR PROFESSIONAL AUDIT SERVICES

Additional information (continued)

Governmental Audit Quality Center

As a member of the American Institute of CPAs *Governmental Audit Quality Center*, we are committed to adhering to the highest quality standards by voluntarily agreeing to the Center membership requirements, which include designating a partner responsible for the quality of our governmental and not-for-profit audit practice, establishing quality control programs, performing annual internal inspection procedures, and making our peer review report findings publicly available. At RAMS, our goal is to continue to enhance our quality initiatives within our governmental and not-for-profit audit practice to deliver the highest quality audit services possible.

In addition, the Governmental Audit Quality Center provides access to comprehensive resources that will assist us in further enhancing the quality of your audit. The Center membership provides us with timely information on a variety of technical, legislative and regulatory subjects that we can in turn apply to your audit to help ensure compliance with the appropriate standards and changes in regulations which we pass on to our clients.

Single audit experience

Most of our government clients, and some of our other governmental and not-for-profit clients, have been subject to an audit in accordance with Uniform Guidance. We recently performed single audits for the following entities:

City of Capitola
City of Chino
City of San Marcos
City of Poway
City of Fillmore
City of Rosemead
City of Hawthorne

City of La Mesa
City of Claremont
City of West Covina
City of Twentynine Palms
University Enterprises Corporation at CSUSB
Elsinore Valley Municipal Water District
City of La Verne

Attachment A

GOVERNMENT CLIENTS SERVED

<u>Government Client</u>	<u>Years Served</u>			<u>CSMFO/ GFOA Awards</u>	<u>Successor District</u>	<u>Housing Authority</u>
City of El Cajon	06/30/07	to	06/30/18	Yes	Yes	Yes
City of Fillmore	06/30/08	to	06/30/18		Yes	Yes
City of Exeter	06/30/17	to	06/30/18			
City of Woodlake	06/30/17	to	06/30/18			
Town of Yucca Valley	06/30/08	to	06/30/18	Yes	Yes	Yes
City of San Juan Capistrano	06/30/11	to	06/30/15	Yes	Yes	Yes
City of La Verne	06/30/11	to	06/30/18	Yes	Yes	Yes
City of San Jacinto	06/30/11	to	06/30/18		Yes	Yes
City of Twentynine Palms	06/30/11	to	06/30/18	Yes	Yes	Yes
City of Chino	06/30/11	to	06/30/16	Yes	Yes	Yes
City of La Mesa	06/30/11	to	06/30/18		Yes	Yes
City of Rosemead	06/30/11	to	06/30/17	Yes	Yes	Yes
City of Moorpark	06/30/12	to	06/30/17	Yes	Yes	Yes
City of Mission Viejo	06/30/12	to	06/30/15	Yes	Yes	Yes
City of Menifee	06/30/14	to	06/30/18	Yes		
City of San Marcos	06/30/14	to	06/30/18	Yes	Yes	Yes
City of Capitola	06/30/12	to	06/30/17	Yes	Yes	Yes
City of Redondo Beach	06/30/12	to	06/30/16	Yes	Yes	Yes
City of Loma Linda	06/30/13	to	06/30/18	Yes	Yes	Yes
City of Poway	06/30/14	to	06/30/18	Yes	Yes	Yes
City of Sierra Madre	06/30/12	to	06/30/18		Yes	Yes
Successor Agency to the County of SB	06/30/14	to	06/30/18			
City of Hawthorne	06/30/16	to	06/30/18	Yes	Yes	Yes
City of West Covina	06/30/16	to	06/30/18	Yes	Yes	Yes
City of Aliso Viejo	06/30/16	to	06/30/18	Yes	No	No
City of Claremont	06/30/16	to	06/30/18	Yes	Yes	Yes
Crestline Village Water District	04/30/96	to	04/30/18			
Crestline-Lake Arrowhead Water Agency	06/30/98	to	06/30/18			
San Bernardino Valley Muni Water District	06/30/04	to	06/30/18			
Elsinore Valley Municipal Water District	06/30/15	to	06/30/18	Yes		
Ventura Regional Sanitation District	06/30/07	to	06/30/18	Yes		
Saticoy Sanitary District	06/30/07	to	06/30/18			
Helendale CSD	06/30/10	to	06/30/18			
Pine Cove Water District	06/30/10	to	06/30/18			
Western Municipal Water District	06/30/11	to	06/30/16	Yes		
WRCRWA	06/30/11	to	06/30/16			
Vista Irrigation District	06/30/11	to	06/30/16	Yes		
Idyllwild Water District	06/30/11	to	06/30/18			
Vallecitos Water District	06/30/15	to	06/30/18	Yes		
29 Palms Water District	06/30/12	to	06/30/15			
Big Bear Area Regional Wastewater	06/30/12	to	06/30/18	Yes		
Beaumont Basin Watermaster	06/30/13	to	06/30/18			
Mojave Water District	6/30/2018					
Running Springs Water District	Accounting support					
Phelan Pinon Hills CSD	Accounting support					

**Attachment A
(continued)**

GOVERNMENT CLIENTS SERVED (continued)

<u>Government Client</u>	<u>Years Served</u>			CSMFO/ GFOA <u>Awards</u>	Successor <u>District</u>	Housing <u>Authority</u>
Costa Mesa Sanitary District	06/30/15	to	06/30/17	Yes		
Beaumont Cherry Valley WD			12/31/17			
United Water Conservation District	06/30/15	to	06/30/18	Yes		
Inland Empire Resource Cons District	06/30/04	to	06/30/18			
Rosamond Community Services District	06/30/15	to	06/30/18			
Rossmoor Community Services District	06/30/05	to	06/30/18			
Rim of the World Park & Rec District	06/30/06	to	06/30/18			
Ventura County Regional Energy	06/30/07	to	06/30/18			
Heartlands Communications Fac Auth	06/30/07	to	06/30/18			
Heartlands Fire Training Auth	06/30/07	to	06/30/18			
Consolidated Fire Agencies	06/30/14	to	06/30/18			
Riverside County Habitat Con District	06/30/15	to	06/30/18			
Santa Ana Watershed Association	12/31/09	to	12/31/18			
SB Fire Training Authority	06/30/10	to	06/30/15			
Capistrano Bay CSD	06/30/13	to	06/30/18			
Ventura County Public Fin Authority	06/30/12	to	06/30/18			
Nipomo CSD	06/30/16	to	06/30/18	Yes		
SBIAA	06/30/17	to	06/30/18			
West San Bernardino Water District	06/30/17	to	06/30/18			
WRCOG	06/30/17	to	06/30/18	Yes		
San Diego Workforce Partnership	06/30/16	to	06/30/18			
Rubidoux CSD	06/30/16	to	06/30/18			
Bear Valley Basin GSA			06/30/18			
CSUSB - Student Union	06/30/05	to	06/30/18			
CSUSB - Associated Students Inc.	06/30/10	to	06/30/18			
CSUSB - Philanthropic Foundation	06/30/11	to	06/30/18			
CSUSB - University Enterprise Corp	06/30/11	to	06/30/18			

**PROPOSAL FOR INDEPENDENT AUDIT SERVICES
Bear Valley Basin Groundwater
Sustainability Agency**

**For the Fiscal Years Ending
June 30, 2019-2021**



Respectfully Submitted on March 21, 2019 by:

Paul J. Kaymark, CPA

Nigro & Nigro, PC

pkaymark@nncpas.com

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Let's Work Together!



*By applying our financial expertise,
we partner with our clients to build
valuable relationships that inspire success.*

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NIGRO & NIGRO^{PC}

A PROFESSIONAL ACCOUNTANCY CORPORATION

March 21, 2019

Danielle D. McGee
Chief Financial officer
Bear Valley Basin Groundwater Sustainability Agency
41972 Garstin Drive
Big Bear Lake, CA 92315

Dear Ms. McGee:

Thank you for the opportunity to submit this proposal to provide auditing services for the Bear Valley Basin Groundwater Sustainability Agency. Our understanding of the work to be done is: the annual audit of the Agency's financial statements for fiscal years ending June 30, 2019-2021. Based on our history with special districts, I believe our firm would be a great fit, and we would develop a great working relationship. Our staff works hard to help ensure our audits are completed with the highest level of service and meet all deadlines.

Although many people think that all special districts function in the same manner, we know that's not the case. The audit leadership team we've assigned to your district, including myself, will take the time to learn the intricacies of your organization. We find that by delving deep into our client's structure and operations we are able to make recommendations that are not only useful, but also practical to implement.

At Nigro & Nigro, PC, our greatest strengths correspond to your most critical needs; we possess the full spectrum of resources needed to most effectively help the Agency's management team and Board members meet their goals – all at a very competitive rate. We believe we are your best choice.

- **Credibility, Reputation, and Resources of a Large Firm** without sacrificing the small-firm touch. Our CPAs and consultants can help you analyze and address financial, operational, and regulatory issues so you can focus attention on serving your citizens. We were originally formed in 1999, and now perform annual audits for approximately 60+ public agencies annually.
- **State-Wide Reach with Local Presence.** At Nigro & Nigro, we have the benefit of having the resources of a state-wide firm while serving you from our Murrieta office. We also have an office in Oakland for additional resources.
- **Efficiency.** Our use of portal software allows you to upload audit documentation at any time, which will minimize disruption to your staff and enable timely completion of all deliverables.
- **An Efficient and Effective Work Plan.** We currently serve over 60+ governmental entities state-wide, which enables our staff to understand the scope of the audit. We also understand the Agency's complexities, not just from a compliance standpoint but also from an operational point of view. We have developed an effective work plan that takes into consideration your needs for high quality audit services, as well as timely deliverables. As a result of our efficient work plan, we commit to meeting your deadlines to complete our auditing services within the time period you specify.

1

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Peter Glenn, CPA | Paul J. Kaymark, CPA | Michael Klein, CPA, CMA, EA

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OAKLAND OFFICE 333 Hegenberger Road, Suite 388, Oakland, CA 94621 • P: (844) 557-3111 • F: (844) 557-3444

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- **Thought Leadership.** Members of our firm have been actively involved as presenters in numerous industry conferences and programs, including the ACSA Professional Development Committee, CASBO, CSBA, CSDA, and CSMFO. We have incorporated our experience with these committees into our audit framework.
- **Engagement Team.** We know that quality people drive quality results, which is why our commitment to you starts with the engagement team members who are selected based on their experience, focus on serving local government agencies, and who are the best fit for you. Each of the Agency's engagement team members have completed and exceeded the mandatory requirement for continuing professional education hours as requested in the RFP. Paul Kaymark, Partner, will be the main contact for the Agency regarding this project.
- **A Focus on Providing Consistent, Dependable Service to Government Entities.** Nigro & Nigro is organized by industry, affording our clients with industry-specific expertise supplemented by valuable local service and insight. Therefore, the Agency will enjoy the service of members of our Governmental Audit Services Team who have experience with similar governmental entities and understand the issues and environment critical to you. You will not have to train our auditors.

You may have many options in selecting a professional audit firm. By choosing Nigro & Nigro, you will gain value-added accounting and operational insights. We are the right fit for the Agency, as we have the expertise and depth of resources within our firm to offer you exceptional service while maintaining a sincere and honest relationship. We understand the work, we are committed to meeting your deadlines, and we would like the opportunity to be your auditors. We also commit to meeting or exceeding your expectations.

Thank you once again for the opportunity to present our qualifications. If you have any questions about our offerings, please do not hesitate to contact me. I, Paul Kaymark, am authorized to make representations on behalf of the bidder.

Sincerely,



Paul J. Kaymark, CPA
Audit Services Partner
25220 Hancock Ave. #400, Murrieta, CA 92562
(951) 698-8783

FIRM PROFILE

Experience

Nigro & Nigro team members are highly trained in governmental accounting and auditing, which sets us apart as being able to add value beyond the basic attest engagement. We are comfortable working with clients of various sizes. Within the past five years, we have worked with numerous governmental clients with revenues ranging from \$200,000 to over \$300 million.

Prior to any audit engagement, our engagement team leader will meet with the Board, Audit Committee and Management to gain a full understanding of the philosophy, objectives and policies for operating the organization, as well as to discuss significant business, regulatory and accounting matters that will affect the audit. At the conclusion of the audit, we will communicate the results of the audit with the Board, Audit Committee and Management.

Areas of specialization include:

- Audit and Review Services
- Government Auditing Standards & Single Audits
- Annual Report of Financial Transactions
- Agreed Upon Procedures Engagements
- Comprehensive Annual Financial Report (CAFR) development

Size and Location of Offices

The firm was originally established in 1999. In 2013, we opened our second office in Northern California in order to better serve our growing client base of school districts in the San Francisco Bay Area. The Firm now has five partners and a professional staff of 19 accountants and expects to add more in the coming years as we continue to grow. We are a full service firm, providing audit and review, tax, consulting, and accounting services to local government, non-profit organizations, charter schools, commercial businesses and homeowners' associations. The office serves clients of all sizes and industries, however, we focus on government agencies, just like yours.

We are prepared to do what it takes to provide the extra level of service required to maintain a long-term business relationship.



MURRIETA OFFICE



OAKLAND OFFICE

FIRM PROFILE (CONTINUED)

Size of Our Firm

Firm-wide, we have the following staffing for our governmental audit services:

Position	Number of Employees	Number of Licensed CPA's
Partner*	5	5
Supervisor	3	1
Senior	7	-
Associates	3	-
Support Staff	2	-
Total	20	6

**Although the term "partner" is used throughout this proposal to avoid confusion, the firm is organized as a Professional Corporation, and the firm's owners are "shareholders."*

Range of Activities Performed

- Audit services for more than 60+ governmental agencies
 - Includes special districts, JPAs, and school districts
- Financial and performance audits under Prop. 39 for school districts
- Consulting and other services for numerous other agencies and not-for-profits
- Tax services for individuals, corporations, and non-profit organizations

MANDATORY CRITERIA

License to Practice in California

The firm and its entire CPA staff hold licenses to practice in the State of California. The Firm's CPA's are all members in good standing with the California Society of CPA's and the AICPA. We will assign a California licensed CPA as the auditor in charge of the audit.

Statement of Independence

Our standards require that we be without bias with respect to your operations. The Firm is independent of all entities listed in the RFP, as defined by auditing standards generally accepted in the United States of America and the U.S. General Accounting Office's "Governmental Auditing Standards". In addition, the Firm shall give the Agency written notice of any relevant professional relationships entered into during the period of this agreement.

The Firm has had no prior engagements with the Agency, nor are there any personal or organizational conflicts of interest as prohibited by law.

MANDATORY CRITERIA (CONTINUED)

Insurance

The Firm maintains a Professional Liability Insurance Policy with a \$1,000,000 limit per claim and \$3,000,000 policy aggregate. In addition, the Firm maintains a Commercial General Liability Policy with a \$1,000,000 limit per occurrence and \$2,000,000 general aggregate.

Additional insurance information is available upon request.

Report Deadline

We affirm that we will complete and transmit the final versions of all required reports for fiscal year ending June 30, 2019 no later than December 16, 2019.

FIRM QUALIFICATIONS

Meet Your Audit Leadership Team

Listed on the following pages are the resumes of the management team that will be assigned to your audit. As mentioned previously, our staff members have considerable governmental audit experience. This gives us a pool to draw on in addition to the group listed.

Name	Role	Years of Experience in Audits
Paul J. Kaymark, CPA	Lead Partner	24
Peter Glenn, CPA	Review Partner	11
Faith Kondrit	Audit Supervisor	3

Paul J. Kaymark, CPA

Lead Audit Partner

Paul recently joined the firm after more than 24 years of previous public accounting and auditing governmental entities experience. Paul is our choice for new governmental audit clients, having extensive experience in the areas of governmental entities. His main responsibilities include assistance in the preliminary planning of audit work, review of assistants' work, and performing audit procedures in more complex audit areas.

Audit Services:

Mr. Kaymark has been working on audit engagements of governmental agencies, not-for-profit organizations, as well as for-profit corporations and companies. His previous experience includes audit and consulting work for large and small businesses with a focus on client service. Paul strives to build strong relationships with his clients by assisting them with any emerging issues and being available as a resource.

Consulting Services:

Mr. Kaymark has experience in a variety of governmental issues, garnered from his auditing experience over the years. He regularly consults with clients in areas of:

Special District Accounting:

- Internal controls
- Financial reporting
- Annual report of financial transactions

Financial Reporting:

- Year-end closing procedures
- Cash flows
- Budget development and projections
- Multi-Year projections
- Pension and OPEB accounting

Some Agencies Served:

- Big Bear City Airport District
- Bear Valley Community Services District
- Stallion Springs Community Services District
- Santa Ynez Community Services District
- Barstow Heights Community Services District
- Capistrano Bay Community Services District



Education:

Bachelor of Science, Business Administration, Accountancy
California State University, Long Beach
1994

Licenses and Certifications:

- Certified Public Accountant, California
- GFOA Certificate for Excellence in Financial Reporting - Reviewer

Professional Affiliations:

- Government Finance Officers Association (GFOA)
- California Society of Municipal Finance Officers (CSMFO)
- California Special District Association (CSDA)

Continuing Education:

Various municipal accounting courses offered by the AICPA, CalCPA Education Foundation including:

- Governmental and Nonprofit Annual Update
- GASB Basic Financial Statements for State and Local Governments
- Single Audits: Uniform Grant Guidance (formerly OMB Circular A-133)
- Financial Accounting Standards Board Annual Updates



Water and Wastewater Clients Audited and/or Consulted With over My Career

Water and Wastewater	Water and Wastewater, continued
Metropolitan Water District of Southern California	Phelan Pinon Hills Community Services District
Los Angeles County Sanitation District	Pomona Valley Protective Agency
Long Beach Water Department	Purissima Hills Water District
Glendale Water and Power	Rincon del Diablo Water District
Colton Public Utilities	Rosamond Community Services District
Baldy Mesa Water District	Rossmore Los Alamitos Area Sewer District
Bear Valley Community Services District	Sacramento Suburban Water District
Beaumont-Cherry Valley Water District	San Bernardino Valley Water Conservation District
Big Bear City Community Services District	San Gabriel Valley Municipal Water District
Cabazon Water District	San Lorenzo Valley Water District
California Domestic Water Company	Santa Ana Watershed Project Authority
Casitas Municipal Water District	Santa Margarita Water District
Castaic Lake Water Agency	Saticoy Sanitary District
Chino Basin Water Conservation District	Solano County Water Agency
Chino Basin Watermaster	Soquel Creek Water District
Coachella Valley Water District	Stallion Springs Community Services District
Diablo Water District	Summerland Sanitary District
East Orange County Water District	Trabuco Canyon Water District
El Toro Water District	Tres Pinos Water District
Farm Mutual Water Company	Triunfo Sanitation District
Golden Hills Community Services District	Twentynine Palms Water District
Goleta Water District	Vallecitos Water District
Hi-Desert Water District	Valley County Water District
Inverness Public Utilities District	Ventura Regional Sanitation District
Irvine Ranch Water District	Victor Valley Water District
Joshua Basin Water District	Victor Valley Wastewater Reclamation Authority
Jurupa Community Services District	Victorville Water District
Leucadia Wastewater District	Water Facilities Authority - Joint Power Agency
Mesa Consolidated Water District	Water Replenishment District
Mojave Water Agency	West County Agency
Monte Vista Water District	West County Wastewater District
Montecito Water District	West Valley Water District
North Coast County Water District	Westborough Water District
North Marin Water District	Western Municipal Water District
Novato Sanitary District	Western Riverside County Regional Wastewater
Palmdale Water District	Yorba Linda Water District

Peter Glenn, CPA

Review Partner

Peter joined the firm in 2011 after nearly three years of previous public accounting and auditing experience. Peter will work under the general direction of the partner. Peter is our choice for new governmental audit clients, having successfully worked on each of the Firm's clients since beginning with the Firm. His main responsibilities include assistance in the preliminary planning of audit work, review of assistants' work, and performing audit procedures in more complex audit areas.

Audit Services:

Peter Glenn began his auditing career with Nigro & Nigro in 2011, participating in audits of special districts, LEAs, other governmental audits, and agreed-upon procedure engagements. Prior to joining the firm, he worked for three years at another public accounting firm, developing his auditing skills. He has previously been the in-charge accountant for some of the firm's largest clients.

Consulting Services:

Mr. Glenn has experience in a variety of governmental accounting issues, derived from his auditing experience at the firm. He regularly consults with clients in areas of:

Special District Accounting:

- Internal controls
- Financial reporting & GASB 34
- Annual report of financial transactions

Financial Reporting:

- Uniform Guidance
- Performance Audits
- Year-end closing procedures
- Cash flows
- Budget development and projections
- Multi-Year projections

Other Agencies Served:

- Riverside County Open Space and Park District
- Cahuilla Band of Indians
- Murrieta Valley Cemetery District



Education:

Bachelor of Science, Business Administration, Accounting
California State University,
San Marcos, 2008, Magna Cum Laude

Licenses and Certifications:

- Certified Public Accountant, California

Continuing Education:

- CASBO Annual Conference
- SSC Finance & Management Conferences
- Government Accounting & Auditing Conference
- In-house training for audit staff (presenter)

Faith Kondrit

Audit Supervisor

Faith joined the firm in 2015 after interning with Nigro and Nigro, PC while still in college. She continues to hone her skills and expand her knowledge on the ever-changing world of accounting by staying up-to-date on new pronouncements and their effects. In 2018, she was promoted to the position of Audit Supervisor. Faith will work under the general direction of the partner and manager.

Audit Services:

Faith began her auditing career with Nigro & Nigro in 2015, participating in audits of LEAs, other governmental audits and agreed-upon procedure engagements. She has successfully navigated her way to becoming one of the most knowledgeable members of our audit team, and has earned her the respect of clients and colleagues. Her friendly demeanor puts her clients at ease, but her customer-oriented approach to the audit is what her clients have come to appreciate the most.

Consulting Services:

Ms. Kondrit has experience in a variety of governmental accounting issues, derived from his auditing and consulting experience at the Firm. She regularly consults with clients in areas of:

Financial Reporting:

- Capital assets and depreciation schedules
- Agreed upon procedures
- Prop. 39 Bond Performance audits

Governmental Agencies Recently Served:

- Elsinore Valley Cemetery District
- Lake Cuyamaca Recreation and Park District
- Antelope Valley Schools Transportation Agency



Education:

Bachelor of Science, Accounting
California Baptist University, 2015

Professional Affiliations:

- American Institute of Certified Public Accountants (AICPA)

Continuing Education:

- School District Conference
- CASBO Annual Conference
- In-house training for audit staff (presenter)

FIRM QUALIFICATIONS (CONTINUED)

Training & Resources

The Firm is committed to a continuing professional education program, which emphasizes the areas of expertise of each member of our professional staff. The Firm is required to comply with the *Government Auditing Standards* for each professional practicing in the area of governmental accounting and auditing. We are committed to follow those standards, which result in quality audit services, including continuing education for all staff of 60-80 hours each year, specifically in school districts and governmental auditing. As required by *Government Auditing Standards*, all governmental audit staff receives the required continuing education in the area of governmental auditing and accounting. These policies are monitored internally, reviewed annually and certified periodically by independent peer review.

Library facilities are maintained which include current professional literature and specific information for the industries that we serve. The Firm library is also reviewed as part of the external quality review program. The Firm has in-house training programs specific to our school district clients. We also perform auditing and accounting updates for our clients that are organized by our staff. These practices ensure the quality of our staff over the term of the engagement.

Our staff participates in activities relating to government accounting and reporting issues through our membership and involvement with the following organizations:

- a. American Institute of CPA's Governmental Audit Quality Center
- b. California Society of CPAs
- c. Government Finance Officers Association (GFOA)
- d. California Special Districts Association (CSDA)
- e. Government Accounting Standards Board (GASB)
- f. Association of Certified Fraud Examiners (ACFE)

We recognize that our most important product is prompt and effective service.

Through our participation in these organizations and continuing education provided by them, the Firm continues to stay abreast of all current governmental accounting and reporting issues. Some of the professional education our audit team members have either presented at or attended in the last two years include:

- SSC Annual Finance and Management Conference
- SSC Governor's Budget Workshop
- CSDA Annual Conference
- CSMFO Conference
- GFOA Annual Conference
- Various other governmental workshops

We recognize that our most important product is prompt and effective service. We believe the Agency should work with its CPA firm throughout the entire year. We are available at any time throughout the year to provide any assistance you may need.

FIRM QUALIFICATIONS (CONTINUED)

References

We currently conduct over 60+ government audits each year and have well rounded experience with local governmental agencies. We are excited for the opportunity to devote our attention to you and your specific needs. Below is a partial list of some similar governmental clients we have audited within the past three years.

Organization Name:	Big Bear City Community Services District
Contact Person:	Shari Strain, Finance Officer
Address:	139 East Big Bear Boulevard Big Bear City, CA 92314
Phone:	(909) 584-4010
Project(s):	Financial Statement Audits

Organization Name:	Big Bear Airport District
Contact Person:	Diane Cartwright, Administration Manager
Address:	PO Box 755 Big Bear City, CA 92314
Phone:	(909) 585-3219
Project(s):	Financial Statement Audits

Organization Name:	Casitas Municipal Water District
Contact Person:	Denise Collin, CFO
Address:	1055 N. Ventura Ave. Oak View, CA 93022
Phone:	(805) 649-2251 x 103
Project(s):	Financial Statement Audits

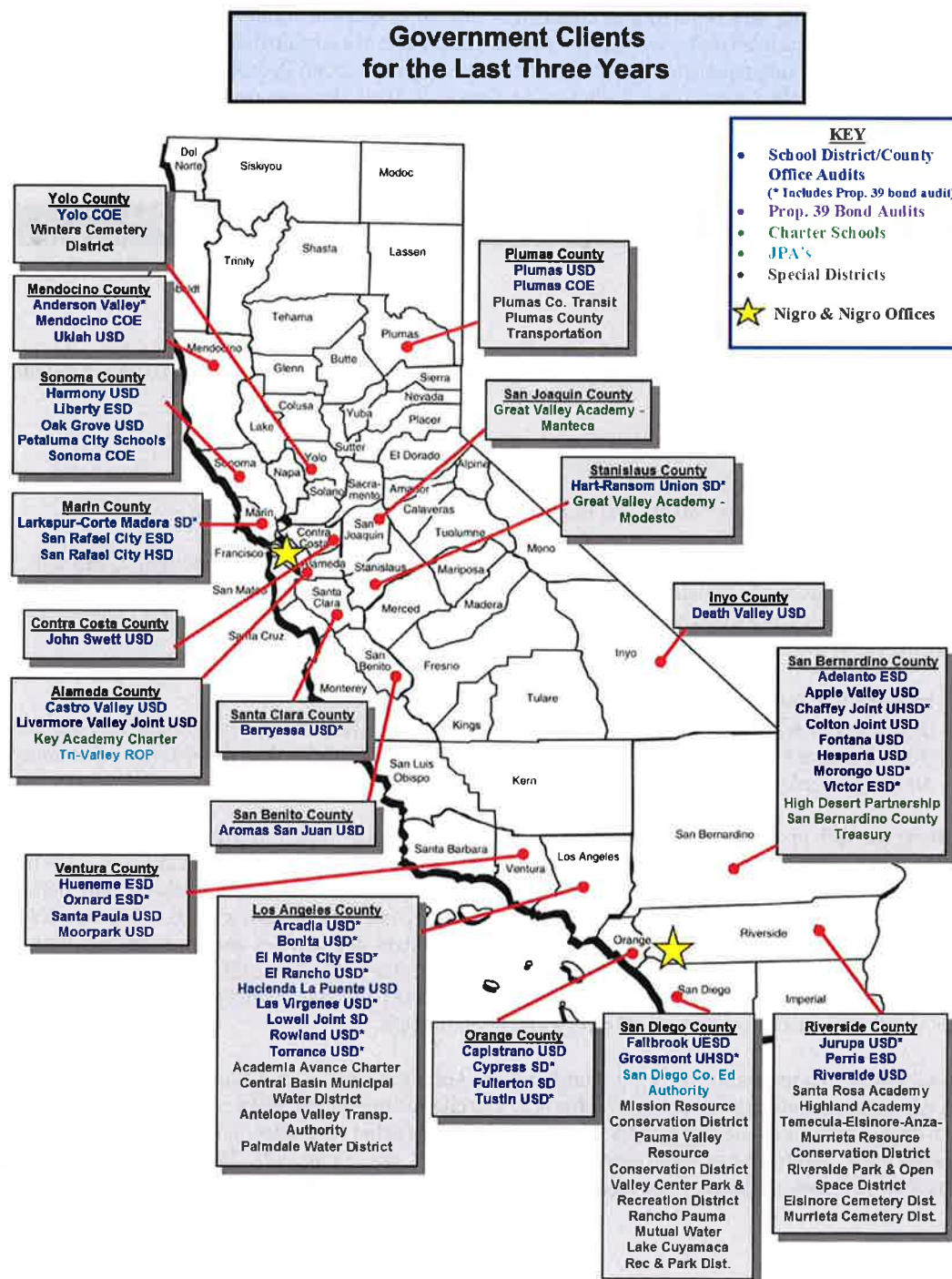
Organization Name:	El Toro Water District
Contact Person:	Neely Shabbakhti, Director of Finance
Address:	24251 Los Alisos Blvd. Lake Forest, CA 92630
Phone:	(949) 837-240
Project(s):	Financial Statement Audits

Organization Name:	Palmdale Water District
Contact Person:	Dennis Hoffmeyer, Accounting Supervisor
Address:	2029 East Avenue Q Palmdale, CA 93550
Phone:	(661) 456-1021
Project(s):	Financial Statement Audits

FIRM QUALIFICATIONS (CONTINUED)

References (continued)

In addition to the valued clients listed on the previous page, we work with many more governmental clients, as shown below. Our client retention history has been excellent and several of the clients have been clients for nearly ten years.



FIRM QUALIFICATIONS (CONTINUED)

Peer Review

Our firm's most recently issued peer review report can be found under the "Additional Documents" section of the proposal. A firm can receive a "Fail", "Pass with Deficiencies", or a "Pass" rating. The firm's most recent peer review report rating was a Pass with deficiencies. This rating indicates that the firm's system of quality control has been suitably designed and complied with to provide the audit organization with reasonable assurance of performing and reporting in conformity with professional standards and applicable legal and regulatory requirements in all material respects with the exception of a certain deficiency. The deficiency noted in the review has been subsequently corrected and accepted by the CalCPA Peer Review program. As required by our membership in the Government Audit Quality Center (GAQC), the peer review included a selection of a sample of governmental audit engagements.

APPROACH TO THE AUDIT

Specific Audit Approach

We will audit the basic financial statements of the Agency for the year ended June 30, 2019, in accordance with the following standards:

- Auditing Standards Generally Accepted in the United States of America
- *Government Auditing Standards*, issued by the Comptroller General of the United States
- Minimum Audit Requirements and Reporting Guidelines for Special Districts

Our audit will be for the purpose of expressing an opinion on the basic financial statements, and will include such auditing procedures as considered necessary to accomplish this purpose. We will also provide an "in-relation-to" opinion on any other supplemental information and statistical schedules. We anticipate issuing the following reports:

- Independent Auditors' Report on the basic financial statements.
- Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

In addition, we will provide the Agency with a management letter that will give written appraisals of its accounting and related systems. This letter will identify any control deficiencies, significant control deficiencies or material weaknesses that are identified during the audit. We will work with management before audit fieldwork and during the course of the audit to assess internal controls and review mitigating controls in place in an effort to reduce the control deficiencies, significant control deficiencies and material weaknesses that need to be reported to management in writing, assuming there are mitigating controls in place. The letter will also offer recommendations for the elimination of weaknesses that we identify, and we will suggest any methods we discover to help improve efficiency and effectiveness.

We will schedule an appearance with the Board and the Audit Committee that allows an opportunity for us to present the audit and management letter. This is an excellent time for the Agency to resolve any questions it has regarding our audit or management letter. As mentioned earlier, the value in hiring our Firm comes from not only the audit, but from our experience and the education, we can provide. We hope that as questions or concerns arise throughout the year, the Agency staff will contact us and draw on our knowledge and experience.

APPROACH TO THE AUDIT (CONTINUED)

Specific Audit Approach (continued)

Non-significant deficiencies discovered during the audit process shall be reported in a separate letter to management, the Board and the Audit Committee, which shall be referred to in the report(s) on internal controls. This separate letter also informs the Board and the Audit Committee of the following:

- 1) The auditor's responsibility under auditing standards generally accepted in the United States of America.
- 2) Significant accounting policies.
- 3) Management judgments and accounting estimates.
- 4) Significant audit adjustments.
- 5) Other information in documents containing audited financial statements.
- 6) Disagreements with management.
- 7) Management consultation with other accountants.
- 8) Major issues discussed with management prior to retention.
- 9) Difficulties encountered in performing the audit.

All working papers and reports will be retained at the Firm's expense for a minimum of seven (7) years, unless the Firm is notified in writing by the Agency of the need to extend the retention period.

Segmentation of Engagement

STEP 1: Planning

Our goal in preliminary fieldwork is to gain a thorough understanding of your internal controls, processes and procedures. Our goal is to accomplish as much interim fieldwork as possible so that our stay during final fieldwork is kept to a minimum. Our preliminary work focuses on planning and internal control documentation.

STEP 2: Interim Field Work

Internal Control Documentation

Our internal control documentation usually occurs during interim fieldwork. Our documentation process will be as follows:

- 1) Gather or update documentation for significant processes defined in our preliminary fieldwork.
- 2) Perform a "walk-through" of these significant processes.
- 3) Ask "what can go wrong" questions.
- 4) Identify controls in place. This will include both preventative and detective controls.
- 5) Evaluate the design of internal controls.
- 6) Decide whether to test and rely on controls.
- 7) Summarize preliminary fieldwork and submit management letter of all areas of concern.

STEP 3: Final Fieldwork

We assess risks, design procedures and obtain evidence to support financial statement amounts and disclosures during final fieldwork. Our Firm utilizes a methodology designed specifically for special districts. Our process emphasizes continuous communication with our staff.

APPROACH TO THE AUDIT (CONTINUED)

Segmentation of Engagement (continued)

Assess Risks and Design Procedures

As outlined in the risk based statements of audit standards (SAS 104 to 111), our Firm uses a risk-based approach to the audit. Our procedures to assess risks and design procedures are as follows:

- 1) Assess risk of material misstatement from errors or fraud based on internal controls combined with inherent risk of significant accounts.
- 2) Design procedures to test controls if considered necessary.
- 3) Design procedures to test details of account balances and classes of transactions based on risk.

Interim and Year End Testing

- 1) Perform tests of controls if considered necessary.
- 2) Perform tests of details of account balances and classes of transactions.
- 3) Evaluate quality and sufficiency of audit evidence.
- 4) Evaluate misstatements.

STEP 4: Audit Completion

Preparation of Audit Report and Management Letter

After reviewing the financial statements, notes and required supplementary schedules, we will agree the data to our working papers and provide a thorough review of all information by using written Firm standards and checklists. We will also review and incorporate any statistical data. This will verify appropriate presentation and disclosure. We will also at this time prepare our management letter that identifies financial trends and recommendations for improvement, reports required communications to the governing board, and discusses change in the environment in which the Agency operates.

COMPENSATION

FY 2019 to FY 2021				
	Hours	Rates		Total
		Standard	Quoted	
Partner	2.00	175.00	150.00	300.00
Manager	4.00	150.00	125.00	500.00
Supervisor	14.00	125.00	100.00	1,400.00
Staff	32.00	100.00	75.00	2,400.00
Admin	8.00	75.00	50.00	400.00
Subtotal	60.00			5,000.00

We expect our fees to be \$5,000 per year for fiscal years 2019 to 2021.

ADDITIONAL INFORMATION

Testimonial

"Few people have the opportunity to work with someone who was a coach and a mentor-but I did when I worked with Paul. I had the pleasure working directly under Paul's supervision and I was particularly impressed by his ability to handle even the toughest clients – and effortlessly. That skill often takes years to develop, but it seemed to come perfectly natural to him. Paul was one of those rare partners who also naturally serve as an inspiring mentor for the whole staff and I was grateful to learn a lot from him."

*Deana Miller
Accounting Manager
PolyCera, Inc.*

Fraud Hotline



Throughout the audit process, we will make available our fraud hotline reporting service at no additional charge over the period of the contract to ensure the Agency has an effective anti-fraud program.

ADDITIONAL DOCUMENTS

**POWELL & SPAFFORD, INC.**

CERTIFIED PUBLIC ACCOUNTANTS

Jessie C. Powell, CPA (Ret.)

Patrick D. Spafford, CPA

Licensed by the California Board of Accountancy
Member: American Institute of Certified Public Accountants**Report on the Firm's System of Quality Control**

To Nigro & Nigro, PC
and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Nigro & Nigro, PC (the firm) in effect for the year ended August 31, 2017. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Deficiency Identified in the Firm's System of Quality Control

We noted the following deficiency during our review:

1. The firm's quality control policies and procedures addressing engagement performance and documentation procedures were not adhered with. This contributed to audit engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act, did not conform to professional standards in all material respects in the areas of testing specific to major program compliance.

Opinion

In our opinion, except for the deficiency previously described, the system of quality control for the accounting and auditing practice of Nigro & Nigro, PC in effect for the year ended August 31, 2017, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency (ies)* or *fail*. Nigro & Nigro, PC has received a peer review rating of *pass with deficiency*.



April 9, 2018

Proposal for Independent Audit Services Fiscal Years 2019-2021

BEAR VALLEY BASIN
GROUNDWATER SUSTAINABILITY AGENCY

Submitted by:

Roger A. Martinez
655 N. Central Avenue, Suite 1550
Glendale, CA 91203
Tel: (213) 873-1703
Fax: (213) 873-1777
Email: ram@vasquezcpa.com

March 22, 2019

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Profile of the Proposer	3
A. State whether the firm is local, regional, national or international.	3
B. State the locations of the office from which the work is to be done and the number of partners, managers, supervisors, seniors, and other professional staff employed at that office.	3
C. Describe the range of activities performed by the local office, such as auditing, accounting, tax services, management services, etc.	3
Mandatory Criteria	4
A. Affirm that the firm and all assigned key professional staff are properly registered and licensed to practice in California	4
B. Affirm that the proposer meets the independence standards of the GOA standards for Audit of Governmental Organizations, Programs, Activities and Functions (2006 Revision, or most recent revision subsequently adopted).....	4
C. Specify the coverage level for the liability insurance maintained by the proposer.	4
D. Affirm that the firm will complete and transmit final versions of all required reports for FY 19 no later than December 16, 2019.	5
Summary of Proposer's Qualifications	6
A. Identify the supervisor(s) who will work on the audit, including staff from other than the local office.	6
B. Describe the recent local and regional office auditing experience similar to the type of audit herein requested. Provide a comprehensive listing of all audits performed in Southern California over the past three (3) years.....	6
C. Provide a copy of the firm's most recent external peer review report.....	7
Proposer's Approach to the Audit	8
A. State whether the audit will be made in accordance with United States generally accepted auditing standards.	16
B. State that the primary purpose for the audit, unless it is otherwise intended, is to express an opinion on the financial statements and that such an examination is subject to the inherent risk that errors or irregularities may not be detected. State that if conditions are discovered which lead to the belief that material errors, defalcations, or other irregularities may exist, or if any other circumstances are encountered that require extended services, the auditor will promptly advise the.....	17
C. State that no extended services will be performed unless they are authorized in the contractual agreement or in an amendment to the agreement.....	17

A. State that in accordance with the auditing standards of the cognizant Federal agency or in accordance with other applicable standards the proposer will select the necessary procedures to test compliance and to disclose noncompliance with specified laws, regulations, and contracts.	18
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A. State the total hours and hourly rate required by staff classification and the resulting all-inclusive maximum fee for which the requested work will be done.....	19
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655 N Central Avenue, Suite 1550
 Glendale, CA 91203
 Ph. (213) 873-1700
 Fax (213) 873-1777
www.vasquezcpa.com

OFFICE LOCATIONS:
 Los Angeles
 Sacramento
 San Diego
 Manila

Letter of Transmittal

March 22, 2019

Bear Valley Basin Groundwater Sustainability Agency

c/o City of Big Bear Lake, Department of Water
 41972 Garstin Drive
 Big Bear Lake, CA 92315-1929

Re: Proposal to RFP for Independent Audit Services Fiscal Years 2019-2021

Vasquez & Company LLP (Vasquez) is pleased to submit our proposal to audit the financial statements of the Bear Valley Basin Groundwater Sustainability Agency (the Agency) for the fiscals year ending June 30, 2019, through June 30, 2021.

Vasquez has been serving the auditing needs of municipal water districts and other government agencies in California for 50 years. Our understanding of the engagement and key aspects of our firm which distinguish us from our competitors are summarized in this letter.

Firm's Understanding

- Perform an audit and render an auditor's report on the Basic Financial Statements of the Agency in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States.
- Issue a Management Letter that includes recommendations for improvements in internal control, accounting procedures, and other significant observations that are considered to be non-reportable conditions.
- Provide guidance on the implementation of new GASB and AU-C requirements and specifics of Federal and State of California regulations as they pertain to local government accounting.
- Provide assistance in meeting the requirements of the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting Program.

Upon request and specifically at the conclusion of our audits we will be pleased to make a presentation to the Agency Board, during which we will discuss our audit approach, scope, and results. We pride ourselves on our ability to convey complex information in an informative fashion, free of bias, such that Management and the Agency Board can evaluate the significance of the information and determine action plans as may be appropriate.

Why Vasquez?

Experienced Leaders:

- Roger Martinez, Vasquez Audit Practice Leader and former KPMG office of professional practice partner dealing with complex audit, accounting and risk management issues at a national level, will oversee our audit fieldwork and directing our work and reviewing fieldwork deliverables.
- Cristy Canieda, Vasquez Partner formerly with PwC, will act as the engagement quality control reviewer for the Agency audit engagement.

Communication with the Agency:

- We will hold regularly scheduled status meetings to keep you abreast of our progress.
- We will provide you with meaningful status reports.
- We will take a proactive approach to develop effective solutions to identified challenges.
- Team members, including the engagement partner and quality control partner, will be available to you on a year-around basis.

Timeliness:

- We understand and appreciate the importance of adhering to agreed-upon timelines and meeting deadlines.
- We structure our audit approach to recognize issues early, plan for the orderly completion of our work and avoid end-of-the-audit surprises. As such, we commit to perform the work within the required time period.

Providing an Effective and Efficient Audit:

- Our risk-based approach, our high caliber management team, and our experienced staff ensure that critical issues are not overlooked, but instead are promptly identified, communicated to you and resolved to the Agency's satisfaction.
- Our all-inclusive fee of \$4,200 is an irrevocable offer for period and scope stated in the RFP.

Vasquez is committed to providing the Agency with the highest level of customer service. We trust that you will find Vasquez well qualified to provide the Agency with professional auditing services. Should you have any questions or desire further assistance, please call me at the contact information below. I, Roger A. Martinez, Partner at Vasquez, am authorized to negotiate and bind the firm to contract.

VASQUEZ & COMPANY LLP



Roger A. Martinez
Partner, Audit Practice Leader
t) 213-873-1703
e) ram@vasquezcpa.com

Bear Valley Basin Groundwater Sustainability Agency

Independent Audit Services Fiscal Years 2019-2021

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Profile of the Proposer

A. State whether the firm is local, regional, national or international.

Vasquez is a regional firm established in 1969 as a Limited Liability Partnership registered with the State of California Department of Consumer Affairs. Vasquez offices are located as follows:

Headquarters

655 N. Central Avenue
Suite 1550
Glendale, CA 91203
t) 213-873-1700
f) 213-873-1777

Sacramento

1215 K Street
17th Floor
Sacramento, CA 95814
t) 916-503-3269
f) 916-503-2401

San Diego

333 H Street
Suite 5000
Chula Vista, CA 91910
t) 858-263-2760
f) 619-551-7001

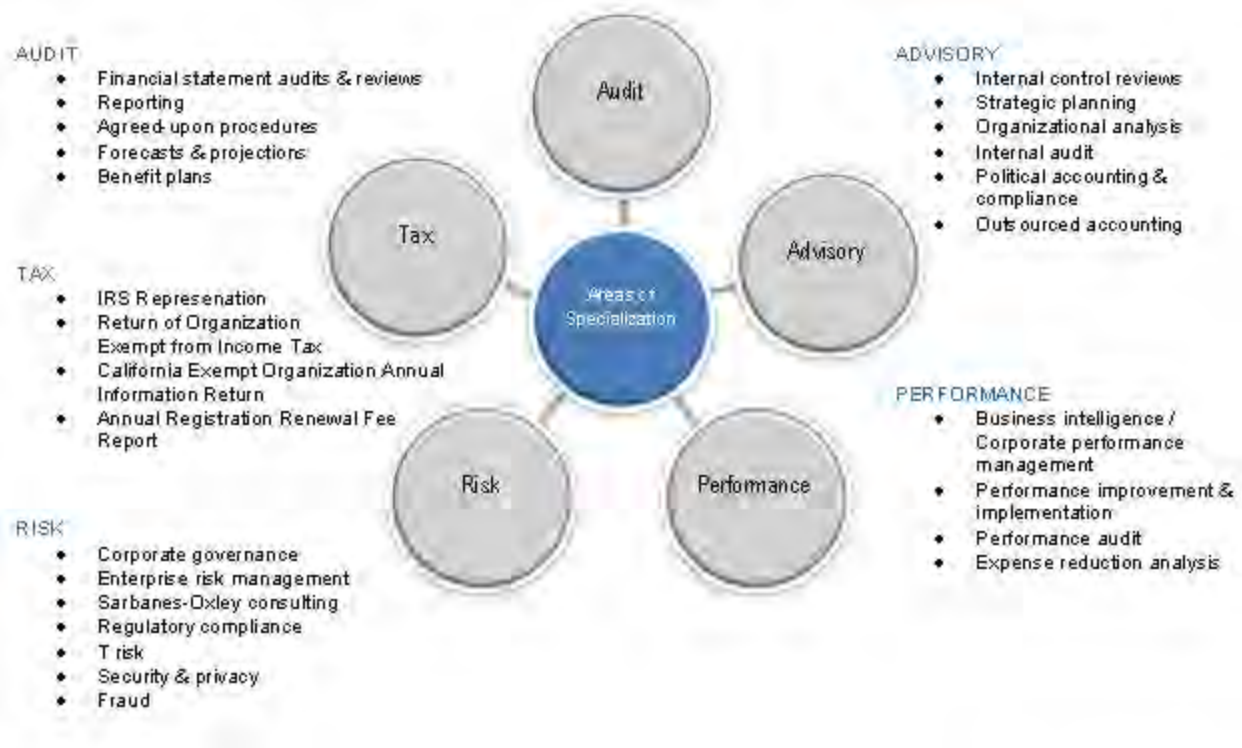
Manila

6750 Ayala Avenue
Level 17, Office Tower
Makati City, 1226
Philippines

B. State the locations of the office from which the work is to be done and the number of partners, managers, supervisors, seniors, and other professional staff employed at that office.

Vasquez will serve the agency from our headquarters in Glendale, California. We will staff the Agency audit with two partners, one manager, and one staff auditor.

C. Describe the range of activities performed by the local office, such as auditing, accounting, tax services, management services, etc.



Bear Valley Basin Groundwater Sustainability Agency

Independent Audit Services Fiscal Years 2019-2021

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Mandatory Criteria

A. Affirm that the firm and all assigned key professional staff are properly registered and licensed to practice in California

Vasquez is properly licensed to conduct public accounting in California. We further assure the Agency that all "key" engagement team members are properly licensed Certified Public Accountants in California. Vasquez certifies that upon notification, it will inform the Agency of any suspension, termination, lapse, non-renewals, or restrictions of its licenses, certificates, or other required documents.



B. Affirm that the proposer meets the independence standards of the GOA standards for Audit of Governmental Organizations, Programs, Activities and Functions (2006 Revision, or most recent revision subsequently adopted).

Vasquez meets the independence requirements of the auditing standards generally accepted in the United States of America and the *Government Auditing Standards*, (2011 revision), published by the United States General Accounting Office ("Yellow Book") as it relates to the Agency.

C. Specify the coverage level to the liability insurance maintained by the proposer.

Bear Valley Basin Groundwater Sustainability Agency

Independent Audit Services Fiscal Years 2019-2021

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CERTIFICATE OF LIABILITY INSURANCE

VASQFA1 OP ID: 56

DATE (MM/DD/YYYY)
04/05/2019

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Mitchell & Mitchell Lic#020659 250 Bel Marin Keys Blvd, Bld E Novato, CA 94949 Gustavo Ruano		CONTACT NAME Sindy Graham PHONE (A/C, N/A, F) 415-883-2525 FAX (A/C, N/A) 415-883-7752 EMAIL sgraham@mitchellandmitchell.com ADDRESS	
INSURER(S) AFFORDING COVERAGE		NAC #	
INSURER A: National Fire Insurance of			
INSURER B:			
INSURER C:			
INSURER D:			
INSURER E:			
INSURER F:			

COVERAGES **CERTIFICATE NUMBER:** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADOL SUBR (REQD N/A)	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS																																																																																																																																																																													
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D. Affirm that the firm will complete and transmit final versions of all required reports for FY 19 no later than December 16, 2019.

Vasquez commits to complete and transmit the final version of all required reports for the FY 19 no later than December 16, 2019.

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Summary of Proposer's Qualifications

A. Identify the supervisor(s) who will work on the audit, including staff from other than the local office.

Jay Toledo, Vasquez Supervisor, specializing in audits of municipal water districts, with over ten (10) years of public accounting and auditing experience, will work closely with Vasquez management in planning and coordinating for Agency audit. He will perform audit fieldwork procedures and report preparation as well as provide guidance to audit staff in the field. If necessary we will use resources from other offices to serve the account.

B. Describe the recent local and regional office auditing experience similar to the type of audit herein requested. Provide a comprehensive listing of all audits performed in Southern California over the past three (3) years.

Vasquez has performed numerous audits of governments and regulated entities subject to financial and compliance audits. These audits are performed in accordance with auditing standards generally accepted in the United States, Government Auditing Standards, OMB Uniform Guidance and its Compliance Supplement (when applicable), and the Office of the State Controller's Minimum Audit Requirements and Reporting Guidelines for California Special Districts (when applicable). Following is a list of clients served by members of the proposed engagement team:

Clients
Big Bear Municipal Water District
City of El Monte – Sewer Fund
City of Hawthorne – Sewer and Storm Drain Fund
City of Montebello – Water Utility Fund
City of Norwalk – Sewer Fund and Water Fund
City of Simi Valley – Sanitation Fund; Ventura County Waterworks District No. 8
City of Vernon – Water Fund
Encina Wastewater Authority
Hidden Valley Municipal Water District
Metropolitan Water District of Southern California
Municipal Water District of Orange County
Needles Public Utility Authority
San Gabriel Basin Water Quality Authority
Upper San Gabriel Valley Municipal Water District
Valley County Water District
Walnut Valley Water District
Water Replenishment District of Southern California
Long Beach Water Department
Los Angeles Department of Water and Power

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C. Provide a copy of the firm's most recent external peer review report.

Vasquez is a member of the American Institute of Certified Public Accountants (AICPA) Division of Firms and received a Peer Review Rating of "Pass" without comment - the highest rating from the AICPA on its peer review dated February 22, 2017. This peer review covered several government engagements similar in size and complexity as the Agency. A copy of the peer review opinion follows:

<p>AICPA Peer Review Program Administered by the National Peer Review Committee</p> <p>American Institute of CPAs 220 Leigh Farm Road Durham, NC 27707-8110</p> <p>February 22, 2017</p> <p>Gilbert R. Vasquez Vasquez & Company, LLP 801 S Grand Ave Ste 400 Los Angeles, CA 90017</p> <p>Dear Mr. Vasquez:</p> <p>It is my pleasure to notify you that on the National Peer Review Committee accepted the report on the most recent system peer review of your firm. The due date for your next review is September 30, 2019. This is the date by which all review documents should be completed and submitted to the administering entity.</p> <p>As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.</p> <p>Sincerely,</p> <p><i>Michael Fawley</i></p> <p>Michael Fawley Chair—National PRC aprc@aicpa.org 919 4024502</p> <p>cc: Lucretia D. Terrell; Roger A. Martinez</p> <p>Firm Number: 10138115 Review Number 424560</p> <p>Letter ID: 1148269A</p> <p>T: 919.402.4502 F: 919.402.4875 info@aicpa.org</p>	<p>DK Davis Kinard & Co., PC CERTIFIED PUBLIC ACCOUNTANTS Quality through Integrity</p> <p>First Financial Bank Building 400 First Street, Ste. 600, Abilene, TX 79601 325.675.4000 / 800.556.2557 www.dkcpa.com</p> <p>System Review Report</p> <p>September 15, 2016</p> <p>To the Partners: Vasquez & Company LLP and the National Peer Review Committee</p> <p>We have reviewed the system of quality control for the accounting and auditing practice of Vasquez & Company LLP (the firm) applicable to non-SEC issuers in effect for the year ended December 31, 2015. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.</p> <p>As required by the standards, engagements selected for review included engagements performed under <i>Government Auditing Standards</i> and audits of employee benefit plans.</p> <p>In our opinion, the system of quality control for the accounting and auditing practice of Vasquez & Company LLP applicable to non-SEC issuers in effect for the year ended December 31, 2015, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of <i>pass</i>, <i>pass with deficiency(ies)</i> or <i>fail</i>. Vasquez & Company LLP has received a peer review rating of <i>pass</i>.</p> <p><i>Daniel Kinard & Co., PC</i> Certified Public Accountants</p>
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Proposer's Approach to the Audit

A. Submit a work plan to accomplish the scope of work defined in the request for proposals.

As part of an audit engagement, we leverage a formal project management methodology to help ensure that all tasks are planned effectively and ultimately completed on time and that any changes in the schedule will be properly documented and authorized. As part of the planning process, we will work with you to agree upon a communications plan that will set forth the protocols for periodic status updates and escalations throughout the project. Throughout the duration of the audit, we will provide regular status reporting consistent with the communications plan.

Embedded within your audit team are experienced project managers who have strong project management skills. These Vasquez team leaders will provide highly collaborative project management expertise and consultation to the Agency to help ensure that there are no surprises during the audit. Additionally, Vasquez will continuously look for ways to improve the management and execution of the audit. We want to ensure that audit planning, scheduling, and budgeting are executed properly and on a timely basis.

Vasquez's commitment is to be on-site at the Agency to perform supervision and workpaper reviews and hold status meetings. Roger Martinez, as the audit engagement partner, and Jay Toledo, as the audit supervisor, will be on-site to perform their respective duties.

At each phase of our engagement, our client service standards guide us toward providing an exceptional customer experience – one in which we become a trusted adviser and bring innovative ideas and solutions that deliver value to you.

- **We understand.** Our audit and consulting professionals follow our CaseWare process, which provides us with a thorough understanding of your business, current situation, needs, and expectations to help ensure there will be no surprises at each phase of the engagement.
- **We communicate.** Our team is trained to communicate with consistent and open dialogue at the right time to the right people.
- **We collaborate.** We collaborate to bring together the right expertise to meet your needs, resolve emerging issues proactively, and bring innovative ideas and solutions that deliver value to you.
- **We deliver.** We deliver what we promise – on time, on budget, and with the highest quality.



At Vasquez, we want to build strong relationships with our clients and continuously seek to understand the ways in which we can ensure the services we are providing are in alignment with their needs. We believe it is important to strive for continuous improvement in the ways we interact with and deliver services to clients. We do this, in part, by adhering to defined client service standards and seeking feedback on our performance from our clients.

Every financial statement audit engagement presents a different set of challenges. No two organizations are the same, and therefore we must tailor the audit to each organization based on the specific risks identified.

Our audit approach is based on a risk assessment process which is planned and executed by experienced auditors. The results as depicted below form the basis for our audit strategy and procedures, and ultimately yield practical comments for strengthening internal controls and improving practices, as well as our opinion on the financial statements and our auditor's reports on internal control and compliance with laws and regulations.

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Risk Assessment

The design of an effective audit plan depends on the audit team's ability to identify and assess the risk that the financial statements contain a material misstatement, whether caused by error or fraud. The risk assessment process will include:

- Obtaining an understanding of the Agency, its component units and the environment in which they operate. This includes efforts to understand the events, conditions, and organizational activities that might reasonably be expected to have a significant effect on the risks of material misstatement. An understanding of the Agency and the environment will often involve consideration of such things like the regulatory environment, business objectives and strategies, and selection of an application of accounting principles.
- Considering information gathered during the engagement acceptance and continuance evaluation, including prior reports, audit planning activities, prior audits, and other non-audit engagements performed for the Agency.
- Inquiring of the audit committee, management, and others within the Agency about risks of material misstatement.
- Obtaining an understanding of the Agency's internal controls over financial reporting.
- Performing analytical procedures, such as a comparison of the Agency's current financial statement account balances to prior year financial statements and budgeted amounts and/or comparison of current relevant financial ratios to industry ratios or prior year ratios.

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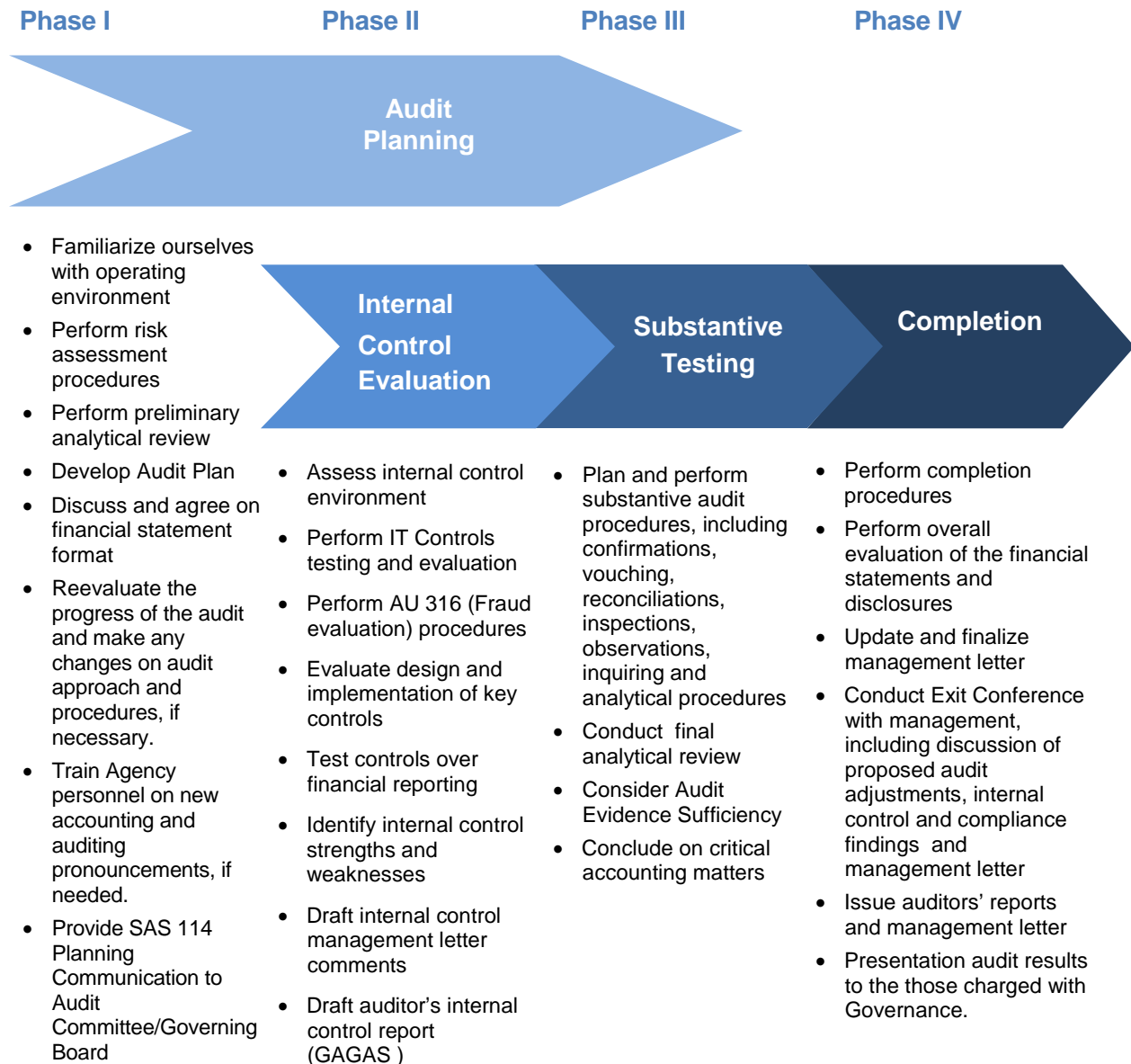
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Developing an Audit Strategy

In developing an audit strategy, we may decide to perform tests of the Agency's internal control over certain systems and processes. We assess the desirability of adopting such a strategy by considering factors such as cost/benefit considerations, the volume of transactions, and prior year results of control testing. If test results indicate that the Agency's internal controls are effective, we may decide to reduce the level of substantive tests that it performs as a basis for its opinion.

a. Proposed segmentation of the engagement



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Phase I – Audit Planning

The planning phase lays the foundation for the direction of our audit efforts. It encompasses the following steps:

- Conducting entrance conferences with the appropriate Agency management personnel. The agenda would include, but need not be limited to, the following:
 - The application of generally accepted accounting principles
 - Concerns of Agency management
 - Report requirements, refinements, and deadlines
 - Initial audit approach and timing schedule
 - Assistance by Agency personnel
 - Establishment of principal contacts
 - Progress reporting process
 - Consideration of Fraud in a Financial Statement Audit
 - The auditors' responsibility for fraud prevention
 - Scheduling inquiries of management and others (including non-accounting personnel) about the risk of fraud
- Assisting the Agency to implement new accounting, auditing, and compliance requirements. We believe this is important that is why we intend to schedule training with Agency personnel involved in all phases of the audit. We would like them to have a clear understanding of the latest technical changes for their respective areas as well as the audit requirements and timeline. The training will be provided in the form of live conferences or webcasts as desired.
- Expanding our understanding of the Agency and its operating environments. We will accomplish this by familiarizing ourselves and updating our knowledge of applicable background information pertinent to the Agency, its projects and fund structure through our review of the following:
 - Applicable state legislation
 - Agency's Tactical Plan
 - Operating and Capital Budgets
 - Organizational structure
 - Minutes of meetings
 - Policies and procedures manuals, administrative codes, rules and regulations
 - Description of the Agency's financial and other information systems
 - Recent financial statements and key operating statistics
 - Contracts and major commitments
 - Grant agreements, when applicable
 - User charge rate schedules
 - Possible effects on the Agency of the actions of regulatory agencies
 - Fraud Risk Assessment Process
- Developing an in-depth understanding of the areas of concern through our background knowledge of the Agency, and because of our fact-finding process. We will be in a position to meet with Agency management to discuss areas that might have a significant impact on the timing and completion of the audits or that may be of special concern to management. We will review such areas in-depth to obtain an early understanding and resolution of any "problem" areas that may impede our progress and to develop our overall approach. This will allow the

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Agency to have sufficient time to develop the data necessary for completion of the audit with a minimum amount of disruption to the day-to-day routine.

Our planning process will include a specific review of computer activities performed by Agency personnel in order to:

- Determine the organizational and operational controls over the data being processed, including, but not limited to: system development and maintenance controls, hardware controls and access controls
- Evaluate the degree of "control consciousness" among personnel
- Determine the potential impact of general control strengths and weaknesses
- Consider the possibility of management override of controls.

Our principal sources of information for this review will be interviews with responsible accounting and computer operations personnel, reviews of program documentation for the Agency's system, as well as direct observations made by our audit team.

- The audit team will use our analytical review techniques to identify other areas that may require attention. Until the year-end account balances are finalized, our review will focus on budgets compared to actual/projected information; current year information compared to prior years, and trends in operating ratios such as working capital, days in receivables, days cash on hand and the like. We can thus identify sensitive areas to determine whether they are indeed areas requiring extra attention. We will also focus on unusual fluctuations to identify accounts and areas which merit further investigation.
- Based on our understanding of the Agency's operating environment, through our analytical review and other planning procedures, we will meet with Agency personnel to highlight areas to be emphasized during the audit. We will concentrate our efforts on the identified areas of audit concern and areas that we know to be important to Agency management. Some of our preliminary audit concerns are described as follows:
 - Compliance with applicable laws, regulations and reporting requirements
 - Receipt of all revenue to which the Agency is entitled
 - Purchase authorizations within budgetary limitations
 - Adequate safeguarding of Agency cash, investment and inventory assets
- We will work directly with appropriate Agency personnel to discuss financial statements and footnotes, in accordance with all authoritative accounting systems and interpretations. Accordingly, we will meet to discuss and agree upon the format for the individual and general purpose financial statements and any additional requirements that may be relevant because of recent or pending professional pronouncements. (See "Phase IV - Completion" for a more in-depth discussion of our financial reporting capabilities.)

a. What will be accomplished during interim and what at year end?

Our audit approach is flexible and can be tailored to fit the evolving needs of the Agency. We will work with you to review the current audit schedule to determine the best approach for the various phases of the financial statement audit. We will provide you the option of interim audit effort or after year-end. There are several advantages to performing interim testing, such as:

- It shifts the timing of our testing to the less busy periods of the year for both our staff. It allows us to focus on the high-risk areas before the year-end close, which provides more time to deal with issues if any.
- It affords us the chance to judge the quality of interim period, rather than solely year-end, financial statement information and cut-offs. This gives us more opportunity to identify best practices over internal controls and processes and for the Agency to implement them.

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Clearly, there are advantages to performing interim audit testing. As we stated previously, we will work with you to determine the best approach, and you will control this process.

Phase II – Control Evaluation

The steps included in this phase are as follows:

- Our systems evaluation approach enables us to obtain a better understanding of the various transaction cycles and sub-cycles and how they relate to each other. By using narrative and flowcharting techniques for each cycle, we will identify the critical points in the flow of financial information. Our basic techniques begin with information contained in the financial statements and trace such information back to source data. This process is infinitely superior to the tedious traditional method of going from source data to the financial statements.
- We will identify the strengths and weaknesses in each of the transaction sub-cycles and sub-audit areas that have a bearing on the audit objectives. This identification of internal control strengths and weaknesses will enable the audit team to determine the emphasis to be placed on audit testing. It will also serve as a basis for the development of conclusions and recommendations regarding weaknesses in the systems of internal accounting control and opportunities for improving efficiency and effectiveness.
- Our engagement service team will prepare a tailored audit program unique to the Agency based upon the identification of internal control strengths and weaknesses. Our audit programs will be tailored into a unique, efficient and effective document addressing the audit objectives, issues, and systems of the Agency .
- We will inquire of management and others (including non-accounting personnel) to identify fraud risks.
- Our engagement team will discuss and consider the susceptibility of financial statements to fraud and emphasize professional skepticism. We will obtain information necessary to identify the risks of material misstatement due to fraud. We will identify risks that may result in material misstatement due to fraud. We will assess the identified risks after considering an evaluation of the antifraud programs and controls. We will respond to the identified risks.
- We will test transaction cycles using statistical and judgmental sampling methodologies to determine whether the necessary control procedures are prescribed and followed satisfactorily. The sample size will range from 25 items to 60 items, depending on how we assess control audit risk and audit detection risk. In addition, if there are any deviations in our sample selection, we will expand the sample size, and if the additional sample confirms the deviation problem, we will use statistical techniques to extrapolate the dollar value of the deviation.
- We will obtain reasonable assurance that controls are functioning properly.
- We will identify any failures to execute control procedures and prepare an initial management letter recommendation. In addition to documenting the condition and criteria, we will develop the cause and effect, and propose a recommendation.
- We will communicate and review the initial management letter comments with Agency management.
- We will provide periodic written progress reports on the planning and test work performed during the planning and interim fieldwork phases and discuss the schedule to complete the audits in the most economical manner.

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Phase III – Substantive Testing

Sampling is one of the methods we use to obtain efficiency in the audit process. In designing and implementing a sampling plan, we consider the specific audit objective to be achieved and determine that the audit procedures to be applied will achieve that objective. We will:

- Define the objective of the test
- Define the population to be sampled, the element of the population to be examined (sampling unit) and what an error is. We expect to use sampling techniques as a component of the audit procedures pertaining to, as a minimum, billings, and collections.
- Determine which sampling technique is most appropriate
- Determine an appropriate sample size and select a sample that is intended to be representative of the population
- Examine each sample item to determine whether it is an error

Analytical Review Procedures – Analytical review procedures, consisting of statistical, ratio and trend analyses are performed during every phase of the audit, from planning to reporting. These analytical testing techniques provide feedback on potential areas of audit concern as well as provide comfort concerning the overall reasonableness of the financial statements. We will consider performance ratios, such as days of receivables outstanding, days in cash, and net operating revenues as a percent of billings, as well as trends in areas such as billings, collections, payroll and benefits costs, and return on billings and equity.

Consideration of Fraud – The primary responsibility for the prevention and detection of fraud rests with both those charged with governance and management. It is important that management, with the oversight of those charged with governance, places a strong emphasis on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment. This involves a commitment to creating a culture of honesty and ethical behavior, which can be reinforced by active oversight of those charged with governance. Oversight by those charged with governance includes considering the potential for an override of controls or other inappropriate influence over the financial reporting process, such as efforts by management to manage.

We are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or error. As part of our audit planning process, we will perform procedures to obtain information that will be used for identifying the risks of material misstatement due to fraud, such as the following:

- Discussions with management and others within the Agency. These discussions would focus on obtaining an understanding of management's: (a) assessment of the risk that the financial statements may be materially misstated due to fraud, including the nature, extent, and frequency of such assessments; (b) process for identifying, responding to, and monitoring the risks of fraud in the Agency, including any specific risks of fraud that management has identified or that have been brought to its attention, or classes of transactions, account balances, or disclosures for which a risk of fraud is likely to exist; (c) communication, if any, to those charged with governance regarding its processes for identifying and responding to the risks of fraud in the Agency; and (d) communication, if any, to employees regarding its views on business practices and ethical behavior. We will also make inquiries of management, and others within the Agency as appropriate, to determine whether they have knowledge of any actual, suspected, or alleged fraud affecting the Agency.
- Discussions with those charged with governance. We will obtain an understanding of how those charged with governance exercise oversight of management's processes for identifying and responding to the risks of fraud in the Agency and the internal control that management has established to mitigate these risks.

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- Evaluation of unusual or unexpected relationships identified. Unusual or unexpected relationships, variances or balances that we may identify during our preliminary analytical review procedures will be evaluated for indication of risks of material misstatement due to fraud.
- Discussions among our audit team members. This discussion will involve an exchange of ideas or brainstorming among our audit team members about how and where the Agency's financial statements might be susceptible to material misstatement due to fraud, how management could perpetrate and conceal fraudulent financial reporting, and how assets of the Agency could be misappropriated.

Adjusting Journal Entries – Adjusting journal entries proposed by our auditors, if any, will be discussed and explained to the Finance Director or designee. It is our practice to discuss issues and proposed audit entries with the program manager or management personnel immediately responsible for the program to ensure that we have not misunderstood that particular situation. This will ensure that the proposed entry or management comment and recommendation are accepted by the immediate manager in charge, and will ensure that the recommendation is feasible and makes business sense. It is also our policy to address issues and resolve them as they arise, rather than at the end of the audit. In short, there will not be any surprises.

The final element in our work plan is the continual reporting to the Agency management personnel in order to apprise them of our progress. We believe communication is vital. We have stressed the importance of continuous close relationships throughout this proposal and have indicated the various points where we will meet for specific discussions and decision.

Phase IV – Completion

The last phase of our audit involves preparation of the Independent Auditors' Reports and management letter comments. Because of our emphasis on early problem resolution and ongoing communication throughout the audit, the reporting phase will be mainly concerned with reviewing the fair presentation of the final numbers that will appear in the annual financial reports.

All audit engagements are reviewed by a report review specialist not otherwise associated with the engagements. Prior to the commencement of fieldwork and as the engagement progresses toward completion, the report review specialist will aid the partner and the audit team in resolving difficult accounting, auditing, and reporting issues. Upon completion of the partner review and before the release of the report, the report review specialist will review the financial statements, our report thereon, and the letter communicating reportable control structure conditions and any other special reports or letters to be issued.

Management letter

At the completion of our audit, separate from any significant internal control deficiencies or items of noncompliance we may have identified and included in the respective auditors' reports, we will also provide our comments and observations for improvements to operating, accounting and business practices. The diverse experience of our personnel, the fresh perspectives of our team members, combined with their independent and objective viewpoints will likely yield valuable information. The findings and other comments will contain, as warranted and appropriate:

- Specific recommendations for improvement of the accounting practices and procedures and the internal accounting and administrative controls
- Comments on the design, controls and audit trails of new and redesigned automated systems, along with suggestions to improve processing methods and procedures
- Suggestions for operational improvements or cost efficiencies noted during the course of our engagement
- Comments relative to ensuring compliance with the applicable laws, rules, and regulations
- Comments regarding the implementation of new GASB pronouncements

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- Other comments, recommendations or observations regarding best practices that we believe may be of interest

This approach will not only allow us to render an opinion on the financial statements and on compliance pursuant to regulatory requirements; it will also permit us to add value to our audit services and share the knowledge gained from surveying a wide range of organizations.

Information Systems Controls

Understanding how key systems and processes contribute to your overall processing environment and affect the reliability of financial information is a primary element of our audit approach. Our objective is to assess whether the standards of security, integrity, continuity, and control are conducive to reliable processing, consistent with the Agency's technology standards and appropriate to safeguard your information assets.

IT general controls

IT general controls are pervasive controls within the IT environment. The following types of IT general controls are typically addressed in our audit approach:

- **Logical security (access to programs and data)**—includes the components of management governance over Information Technology (policies and procedures, monitoring), application configuration (passwords, service accounts, super users, user identification/authentication), and security of the physical assets.
- **Change control management**—assesses program changes (upgrades, service patches, source code) moved into the production environment and the processes applied to ensure the appropriate initiation, authorization, segregation, testing, and approval are evident.
- **Data backup and recovery**—reviews that the data backup process and ability to recover data for the financially significant applications, databases, spreadsheets, and operating systems for the given opinion period are complete, tested and maintained, including the handling of errors.
- **Job processing**—tests for the completeness of data interfacing into the financially significant applications and the change management processes for handling errors, script changes and interface edits.
- **Security administration**—addresses the user access provisioning (new hire on-boarding, position/role changes, employee separation) for the financially significant applications, databases, spreadsheets, and operating systems, along with management's review of access for completeness, segregation of responsibilities and accuracy.

1. Financial Audit

A. State whether the audit will be made in accordance with the United States generally accepted auditing standards.

The audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts.

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B. State that the primary purpose for the audit, unless it is otherwise intended, is to express an opinion on the financial statements and that such an examination is subject to the inherent risk that errors or irregularities may not be detected. State that if conditions are discovered which lead to the belief that material errors, defalcations, or other irregularities may exist, or if any other circumstances are encountered that require extended services, the auditor will promptly advise BVBGSA.

Our audit will be conducted with the objective of our expressing an opinion on the financial statements.

We will conduct our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the State Controller's Minimum Audit Requirements for California Special Agency's. Those standards, circulars, and supplements require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS. Also, an audit is not designed to detect errors or fraud that are immaterial to the financial statements.

In making our risk assessments, we will consider internal control relevant to the Agency's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.

We will also communicate to the Governing Board (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements that becomes known to us during the audit, and (b) any instances of noncompliance with laws and regulations that we become aware of during the audit (unless they are clearly inconsequential).

Our reports on internal control will include any significant deficiencies and material weaknesses in controls of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control consistent with requirements of the standards and regulations identified above.

C. State that no extended services will be performed unless they are authorized in the contractual agreement or in an amendment to the agreement.

You may request that we perform additional services not addressed in this proposal. If this occurs, we will communicate with you the scope of the additional services and estimated fees. We will not perform additional services unless they are authorized in the contractual agreement or in an

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amendment to the agreement. We also may issue a separate engagement letter covering the additional services.

2. Compliance Audit

A. State that in accordance with the auditing standards of the cognizant Federal agency or in accordance with other applicable standards the proposer will select the necessary procedures to test compliance and to disclose noncompliance with specified laws, regulations, and contracts.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Agency's compliance with applicable laws and regulations and the provisions of contracts and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance, and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

OMB Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Uniform Guidance Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the Agency's major programs. The purpose of those procedures will be to express an opinion on the Agency's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to OMB Uniform Guidance.

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Compensation

A. State the total hours and hourly rate required by staff classification and the resulting all-inclusive maximum fee for which the requested work will be done.

Our fees are based on the following assumptions:

1. Staff availability to answer questions within the agreed timeframe.
2. Audit fieldwork procedures conducted at a centralized location.
3. No instances of fraud that will require additional procedures.
4. Staff to prepare all financial statements/schedules.
5. All information requested provided within the agreed timeframe.
6. No major program subject to the Single Audit Act.
7. Information provided is complete and correct for the year being audited.
8. Other unforeseen events such as:
 - a. Accounting problems.
 - b. Litigation.
 - c. Changes in your business or business environment.
 - d. Contractual difficulties with suppliers, third-party service providers or clients.

The cost proposal contains all pricing information relative to performing the audit engagement as described in this Request for Proposal. The total all-inclusive maximum price contains all direct and indirect costs including all out-of-pocket expenses.

Personnel Category	Hours	Houly Rate	Proposed Fee
Partners	3	285 \$	855
Supervisor	7	160 \$	1,120
Staff	30	100 \$	3,000
Subtotal	40		\$ 4,975
Distount			(775.00)
Total			\$ 4,200.00

Additional Information

Client/Contact/Address	Nature of Engagement
Big Bear Municipal Water District Mr. Mike Stephenson General Manager (909) 866-57-96	Annual financial and compliance audit and management letter.
Upper San Gabriel Valley Municipal Water District Ms. Evelyn Rodriquez, CPA Chief Financial Officer (626) 443-2297	Annual financial and compliance audit and management letter. GFOA Award.
Encina Wastewater Authority Ms. LeeAnn Warchol Administrative Services Manager (760) 268-8849	Annual financial and compliance audit and management letter. GFOA Award.



Bear Valley Basin Groundwater Sustainability Agency Agenda Report

DATE: May 7, 2019

TO: Board of Directors

FROM: Reginald A. Lamson, Administrator

RE: **Water Quality Testing Expenses for the Replenish Big Bear Project**

Background:

In FY 2018/19, each of the four member agencies authorized \$250,000 towards the preliminary costs of the Replenish Big Bear Project. The initial estimate for the Environmental Impact Report (EIR), meetings with regulators to determine operating permit requirements, preliminary engineering, public outreach, and pursuing funding opportunities was about \$1.8M. To better define the treatment requirements, the engineer has requested a one year water quality testing program of BBARWA's influent and effluent. BBARWA's staff has been complying with this extensive testing program for several months and estimates the total annual cost to be \$60,000.

The Replenish Big Bear team recently met with the Division of Drinking Water to determine their requirements to permit the project. In order to determine what the blended water quality of the lake water will be if we implement the Replenish Big Bear Project, we have to initiate a water quality sampling program for the existing lake water. This water quality sampling program is estimated to cost \$40,000. There will probably be other miscellaneous costs that will occur during the preliminary design, so the budget for EIR and preliminary engineering should be revised from \$1.8M to \$2.0M.

Financial Impact:

\$200,000, which will fund water quality testing and miscellaneous items.

Recommendation:

Approve revising the EIR and preliminary engineering budget for the Replenish Big Bear Project to \$2.0M.



Bear Valley Basin Groundwater Sustainability Agency Agenda Report

DATE: May 7, 2019

TO: Board of Directors

FROM: Reginald A. Lamson, Administrator

PREPARED BY: Danielle D. McGee, Volunteer

RE: **Ratify Adoption of Memorandum of Understanding**

Background:

On July 24, 2018, representatives from the four member agencies agreed upon processes for cost sharing and commemorated the agreements for funding a portion of the initial costs of Replenish Big Bear that each agency's Board had made through independent actions in open session at their respective board meetings. This Memorandum of Understanding (MOU) attached as Exhibit A is now being brought to the Board of Directors of BVBSGA for ratification. The Consultant (WSC), along with the four member agencies, have been working with SAWPA to obtain a Department of Water Resources Prop 1 grant to partially fund the environmental work (EIR) and preliminary engineering for the Replenish Big Bear Project.

Financial Impact:

There is no direct financial impact as a result of ratifying the MOU.

Recommendation:

Consider ratification of the MOU.

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding ("MOU") is dated 7/24, 2018 (the "Effective Date") and is made by and among Bear Valley Basin Groundwater Sustainability Agency ("GSA"), the City of Big Bear Lake, Department of Water and Power ("DWP"), the Big Bear City Community Services District ("CSD"), the Big Bear Municipal Water District ("MWD") and the Big Bear Area Regional Wastewater Agency ("BBARWA"). GSA, DWP, CSD, MWD and BBARWA are jointly referred to as the "Parties," and individually as a "Party."

WHEREAS, the GSA is a joint powers authority formed by the other Parties on approximately October 18, 2017;

WHEREAS, the GSA is the local Groundwater Sustainability Agency for the Big Bear area responsible for implementing sustainable groundwater management and preventing "undesirable results" in groundwater basins designated as a medium or high priority basin by the California Department of Water Resources ("DWR") in its Bulletin 118 inventory of California groundwater basins;

WHEREAS, future grants may be available to the GSA to reimburse the GSA or other Parties for projects undertaken to augment groundwater supplies or otherwise meet the goals of the Sustainable Groundwater Management Act ("SGMA");

WHEREAS, BBARWA is a wastewater agency that operates the wastewater treatment facility in the Big Bear area, which is currently investigating the implementation of a reclamation project ("Project");

WHEREAS, the Project, if implemented, may result in lake water and/or groundwater augmentation;

WHEREAS, BBARWA will contract for \$1.0 million of the initial engineering and environmental studies ("Studies") necessary to investigate the feasibility of implementing the Project which in total are estimated to cost \$1.83 million;

WHEREAS, BBARWA, DWP, CSD and MWD have each agreed to contribute \$250,000 to fund the initial phase of the Studies ("Contributions");

WHEREAS, the GSA desires to act as a clearinghouse to collect the Contributions and distribute them to BBARWA;

WHEREAS, this MOU is being executed to document the intent of the parties regarding the Contributions and reimbursements and possibly to provide further reimbursements to BBARWA should one or more grants be awarded to the GSA to offset the cost of the Project, Studies, or both.

NOW, THEREFORE, to facilitate the reimbursement of the Studies and potential future reimbursement of the Project, the Parties agree as follows:

1. CONTRIBUTIONS.

- A. BBARWA will invoice the GSA for the costs of the Studies as incurred. Along with such invoice, BBARWA will provide an accounting of total costs paid to date and the remaining available Contributions. Upon receipt of the invoice from BBARWA, the GSA shall promptly invoice each of the CSD, DWP and MWD (the "Contribution Agencies") for twenty-five (25) % of such invoice up to a total of \$250,000 per

Memorandum of Understanding

Contribution Agency. Each Contribution Agency shall make payment to the GSA in such amount within fifteen (15) days of the date of such invoice. The GSA shall, within 15 days of receipt of the Contributions, distribute the payments received to BBARWA. The GSA shall take all necessary steps to ensure that BBARWA is fully reimbursed for amounts due from the Contribution Agencies within 45 days of the date of BBARWA's invoice.

- B. Once BBARWA receives this MOU executed by each of the Parties hereto, and once the initiation of the Studies are approved by the BBARWA Board, BBARWA will initiate the Studies.

2. POTENTIAL REIMBURSEMENT.

- A. When statutorily authorized, GSA shall seek one or more grants to reimburse BBARWA, CSD, DWP and MWD for the cost of the Studies, the Project, or both.
- B. If the GSA obtains such a grant for the Studies, the Project, or both, GSA shall, subject to all applicable laws and grant requirements, reimburse CSD, DWP, MWD and BBARWA for their respective costs of the Studies, the Project, or both, to the extent legally possible under the terms of the grant(s).

3. CONSIDERATION.

- A. In consideration for the Contributions, and assuming the Project is eventually implemented successfully, BBARWA, CSD, DWP and MWD will negotiate in good faith to agree upon a distribution of benefits produced by the Project including treated water.
- B. Nothing in this MOU is intended to change any of the Parties' existing water rights.

4. TERMINATION

One or more of the Parties may, in its sole discretion, determine not to continue to participate in the Project by providing a sixty (60) days' written notice of such termination to each of the Parties. Such terminating Party will not be eligible for consideration, as indicated in Section 3 above.

5. COSTS

With respect to all activities undertaken in preparation and adoption of this MOU, each Party shall bear its own costs and expenses

6. THIRD PARTY RIGHTS

Nothing in this MOU shall be construed to give any rights or benefits to anyone other than the Parties hereto.

7. COUNTERPARTS

This MOU may be executed in counterparts, each of which shall have the effect of and be considered as an original of this MOU.

Memorandum of Understanding

Signature Page for the Memorandum of Understanding by and among the Bear Valley Basin Groundwater Sustainability Agency, the City of Big Bear Lake, Department of Water and Power, the Big Bear City Community Services District, the Big Bear Municipal Water District and the Big Bear Area Regional Wastewater Agency

IN WITNESS WHEREOF, this Memorandum of Understanding has been executed by the Parties.

BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY

By: [Signature]
 Name: Bob Ludecke
 Title: President
 Date: 7/6/2018

BIG BEAR AREA REGIONAL WASTEWATER AGENCY,

By: [Signature]
 Name: David Lawrence
 Title: General Manager
 Date: 8/13/2018

BIG BEAR CITY COMMUNITY SERVICES DISTRICT

By: [Signature]
 Name: Karyn Oxandaboure
 Title: President
 Date: August 6, 2018

BIG BEAR MUNICIPAL WATER DISTRICT

By: [Signature]
 Name: Vince Smith
 Title: President
 Date: August 16, 2018

CITY OF BIG BEAR LAKE, DEPARTMENT OF WATER AND POWER

By: [Signature]
 Name: V. Don Smith
 Title: CHAIR, BOARD OF WATER AND POWER COMMISSIONERS
 Date: 7/24/2018



Bear Valley Basin Groundwater Sustainability Agency Agenda Report

DATE: May 7, 2019
TO: Board of Directors
FROM: Reginald A. Lamson, Administrator
RE: **Replenish Big Bear Workshop For Local Agency Boards**

Background:

On July 17, 2018, the BVBGSA hosted a joint workshop to introduce the Replenish Big Bear Project to various Bear Valley Agency's Board members and the public. At the workshop, Water System Consulting Inc. (WSC) provided a power point presentation about the proposed Bear Valley Water Sustainability Project. After the presentation, the audience provided input to revise the name of the project and ultimately decided on "Replenish Big Bear". Since the workshop, the Replenish Big Bear team has been working on the Environmental Impact Report, meetings with regulators to determine operating permit requirements, water quality sampling, preliminary design, public outreach, and pursuing funding opportunities.

There are several important meetings with regulators and funding agencies in the next two months. As such, scheduling a second workshop with the Local Agency Boards and the public to provide a Replenish Big Bear update in either August or September would be appropriate.

Financial Impact:

\$2,000, which is covered in the public outreach portion of preliminary engineering.

Recommendation:

Discuss options for conducting a public workshop in August/September 2019.



REPLENISH
— *Big Bear* —



BVBGSA

REPLENISH
— *Big Bear* —

May 7, 2019



Replenish Big Bear Project Team



Big Bear Area Regional Wastewater Agency (BBARWA)

David Lawrence, General Manager

Provides treatment and disposal of all of the wastewater in the Big Bear Valley



Big Bear City Community Services District (BBCCSD)

Mary Reeves, General Manager

Provides domestic water to a portion of the Big Bear Valley



Big Bear Municipal Water District (BBMWD)

Mike Stephenson, General Manager

Manages Big Bear Lake with the goal of stabilizing lake levels and enhancing water quality, recreation and wildlife habitat



City of Big Bear Lake Department of Water and Power (BBLDWP)

Reggie Lamson, General Manager

Provides domestic water to a portion of the Big Bear Valley



Bear Valley Basin Groundwater Sustainability Agency (BVBGSA)

Joint Powers Authority comprised of above 4 agencies

Responsible for sustainable management of the groundwater basin

Water is at the epicenter of what makes Big Bear Valley thrive



Unique mountain home to 20,000 people and diverse natural resources



Four-season recreational playground for more than 8 million visitors annually



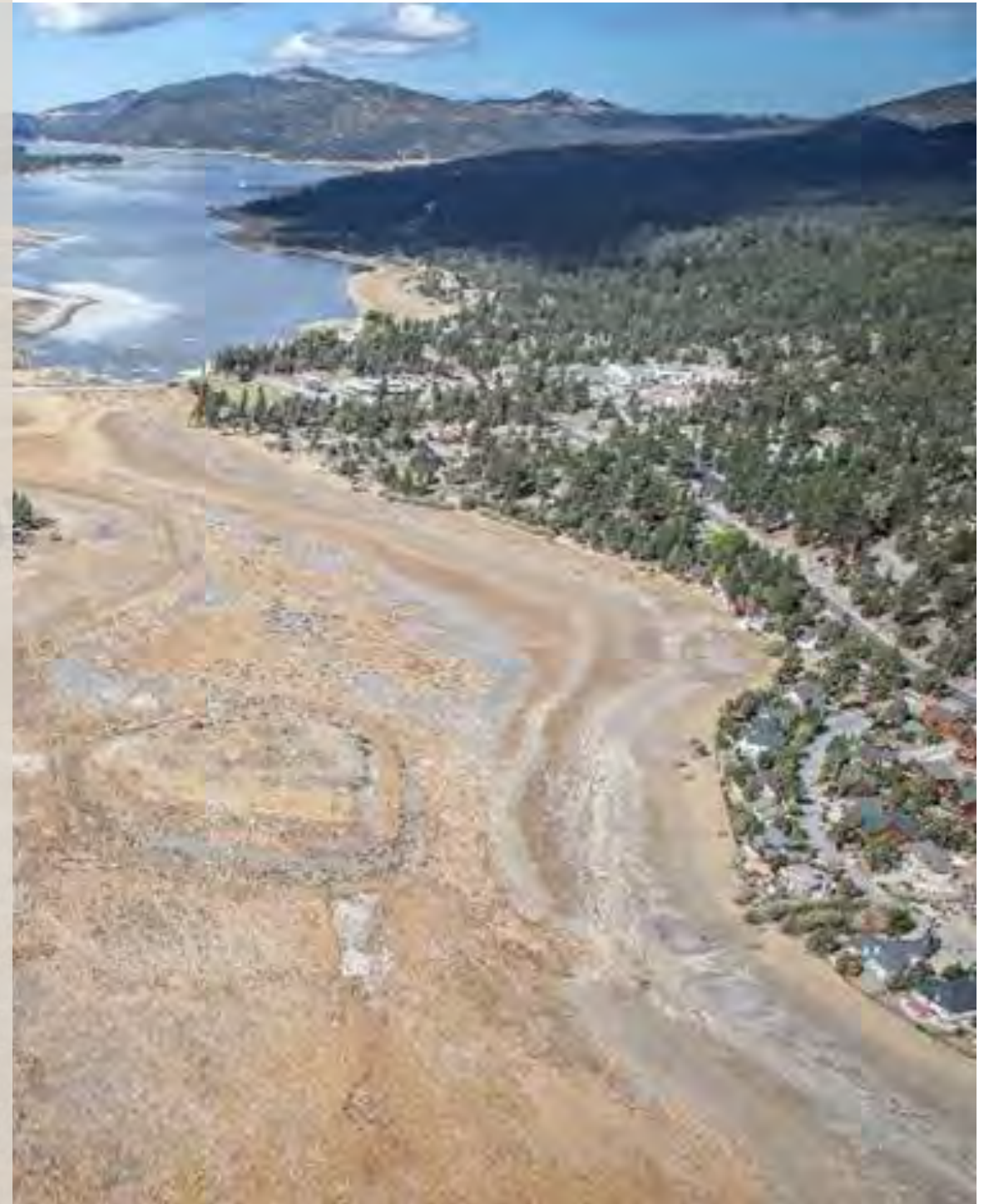
Disadvantaged community with a tourism-driven economy



Ecosystem supports State and Federally Listed Endangered species

Local Water Challenges

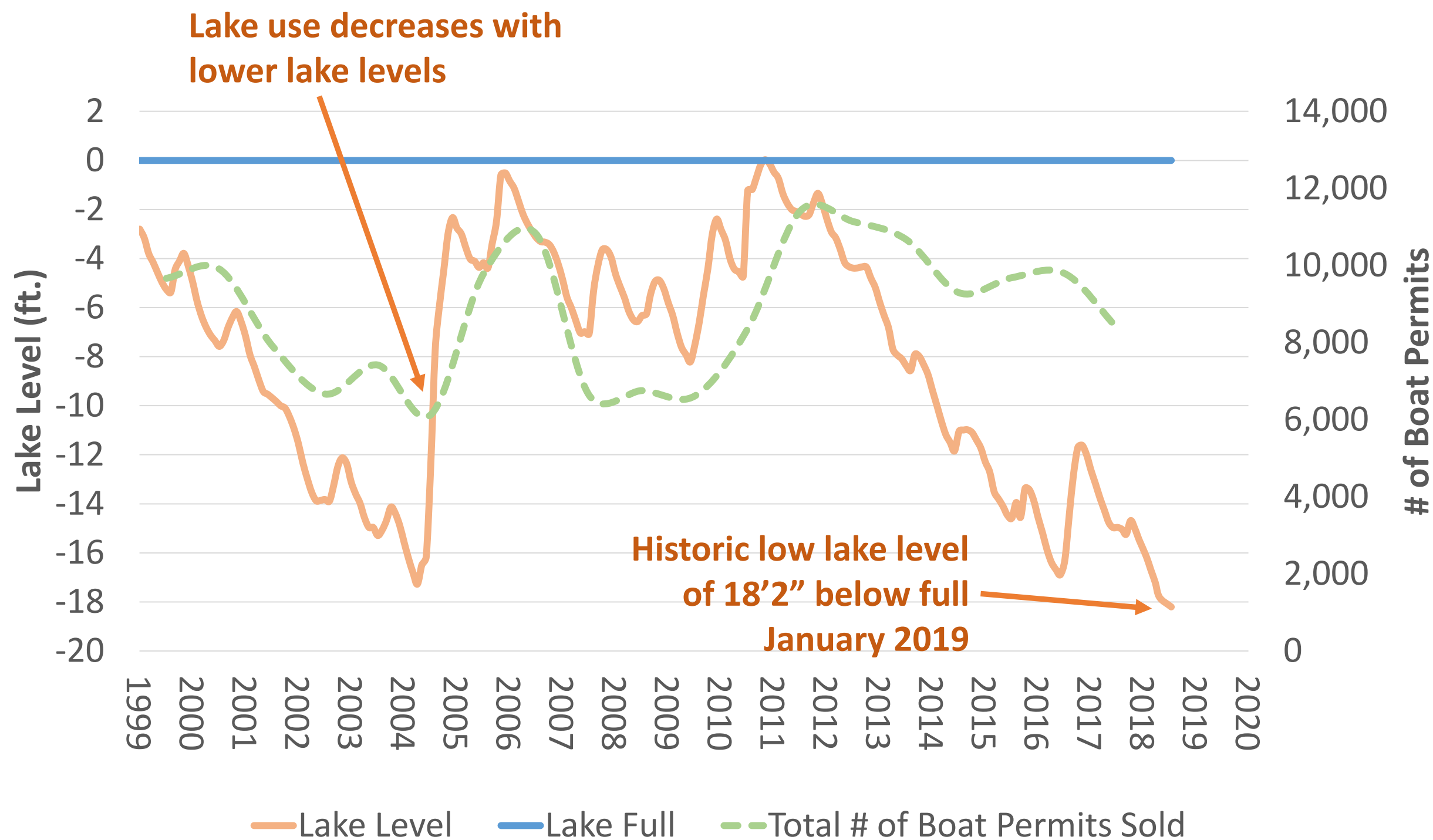
- Natural precipitation is the Valley's only source of water
- Drought and low lake levels threaten water supply, economy, and ecosystem
- The local water cycle is broken: all of the Valley's wastewater is discharged outside of the watershed





REPLENISH
— Big Bear —

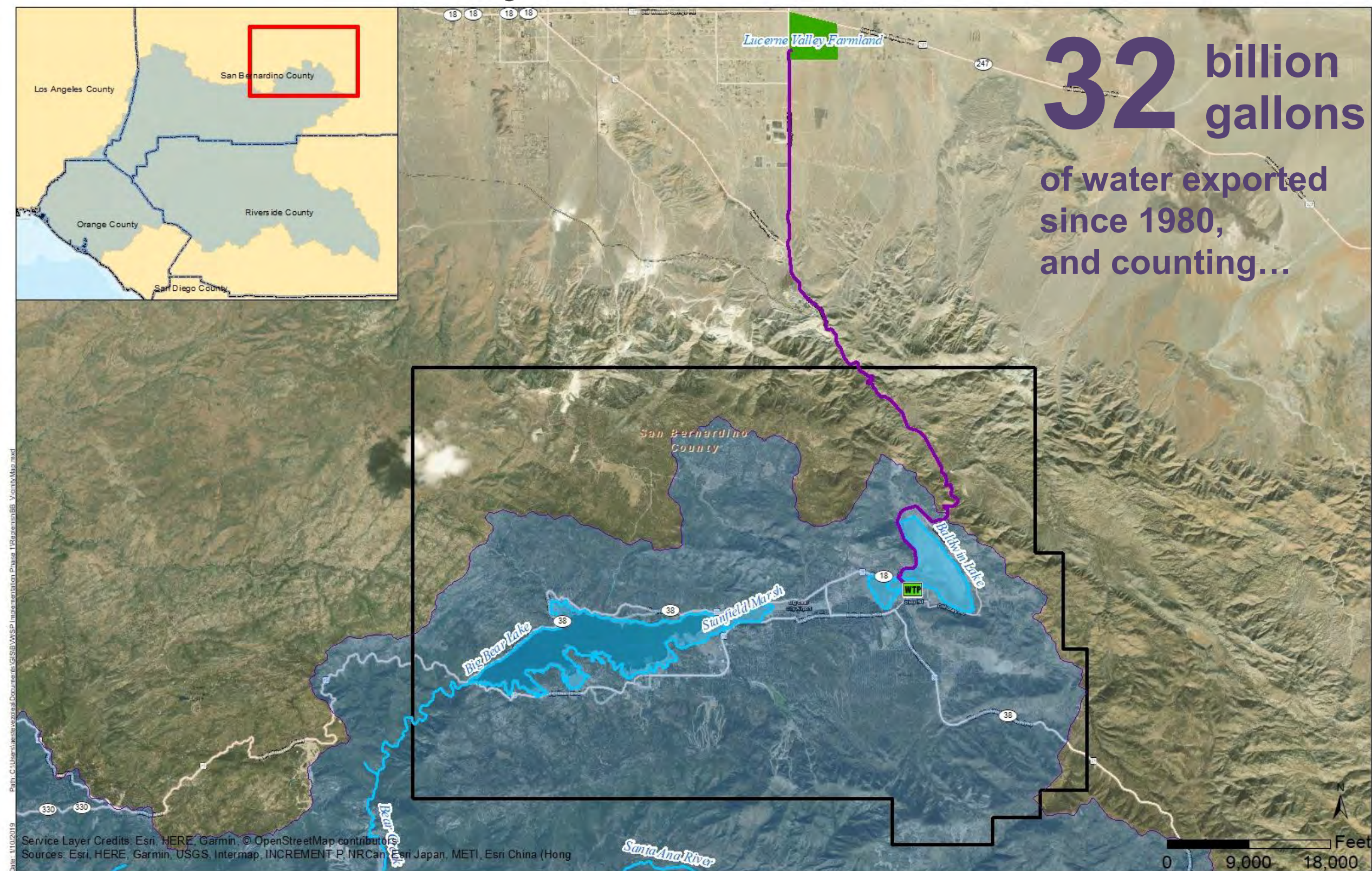
Local Drought Impacts





REPLENISH
— Big Bear —

Broken Water Cycle





Project Goal

Keep the water in the watershed by developing a multi-benefit water reuse project that:

- Improves local drought resiliency
- Augments natural recharge for water supply sustainability
- Protects the rare and diverse habitat and species
- Promotes a thriving community through enhanced recreation
- Is affordable for the community

**Finding the
Right
Balance
for Big Bear
Valley's Water
Resources**

01

**REPLENISH
BIG BEAR**

02

RECHARGE
EAST & WEST

03

RECHARGE
EAST

04

RECHARGE
WEST

05

IRRIGATION



**RECYLED
WATER
RECOVERED**

1,950 AFY

1,750 AFY

1000 AFY

520 AFY

54 AFY



BENEFITS

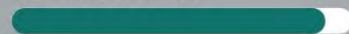
Water Supply



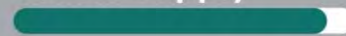
Habitat



Recreation



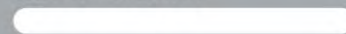
Water Supply



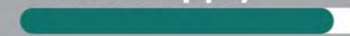
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Recreation



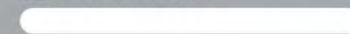
Water Supply



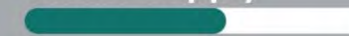
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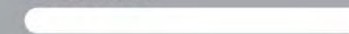
Recreation



Water Supply



Habitat



Recreation



Water Supply



Habitat



Recreation



**UNIT
COST
(\$/AF)**

\$1,920

\$2,810

\$2,940

\$3,640

\$3,140



**TOTAL
CAPITAL
COST**

**\$44
MILLION**

\$70
MILLION

\$44
MILLION

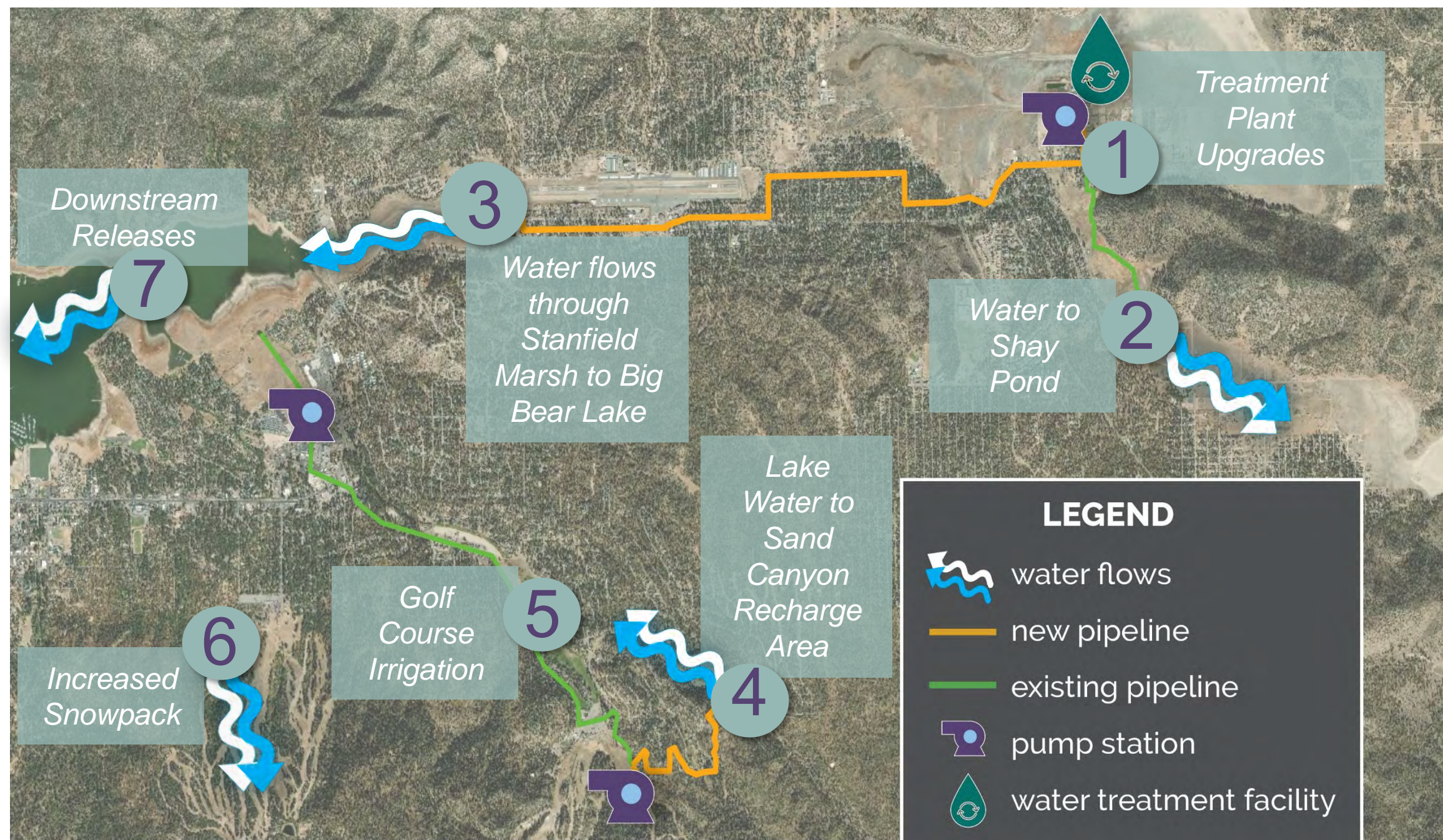
\$23
MILLION

\$3
MILLION



REPLENISH
— Big Bear —

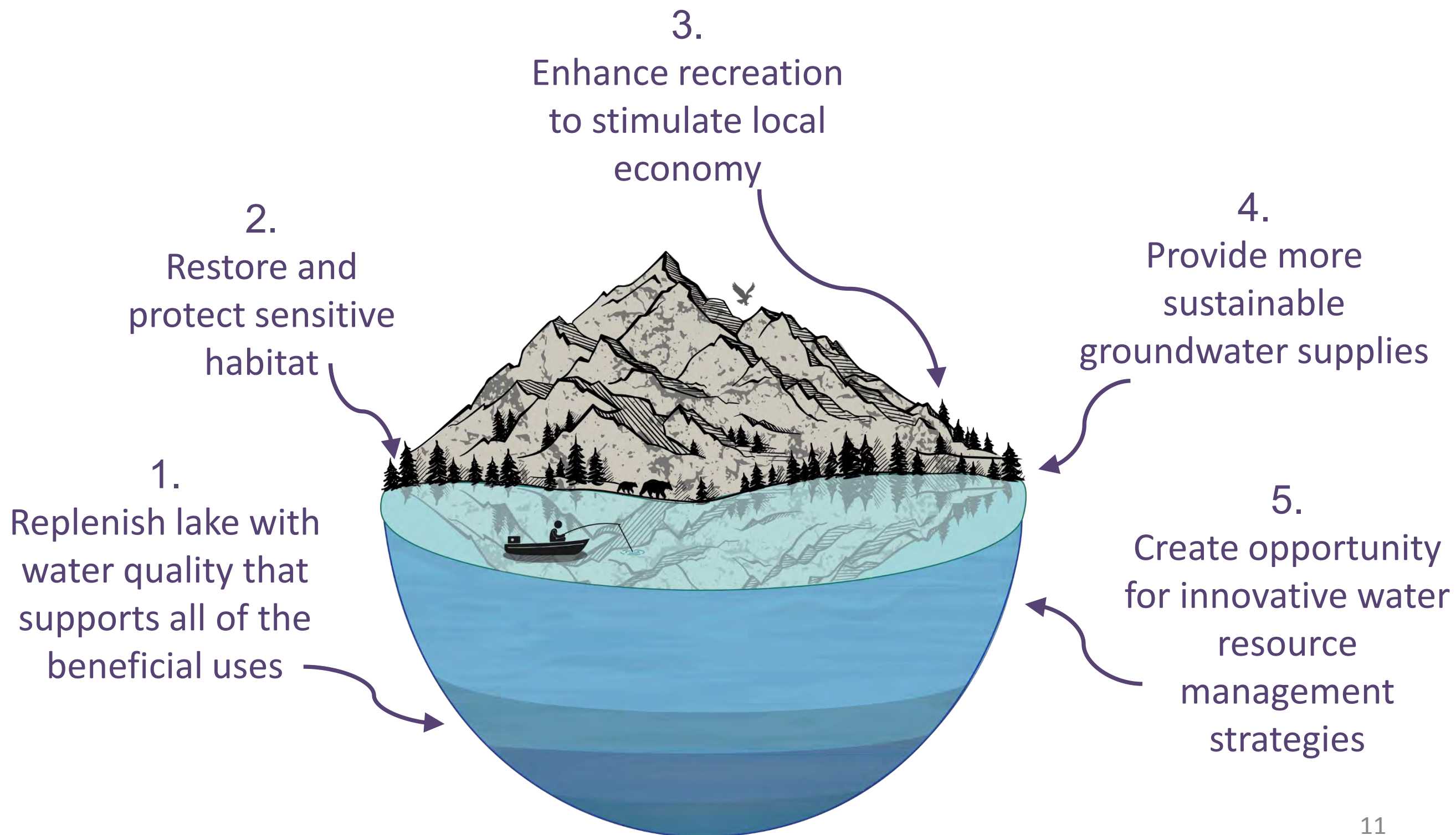
Replenish Big Bear Overview





REPLENISH
— Big Bear —

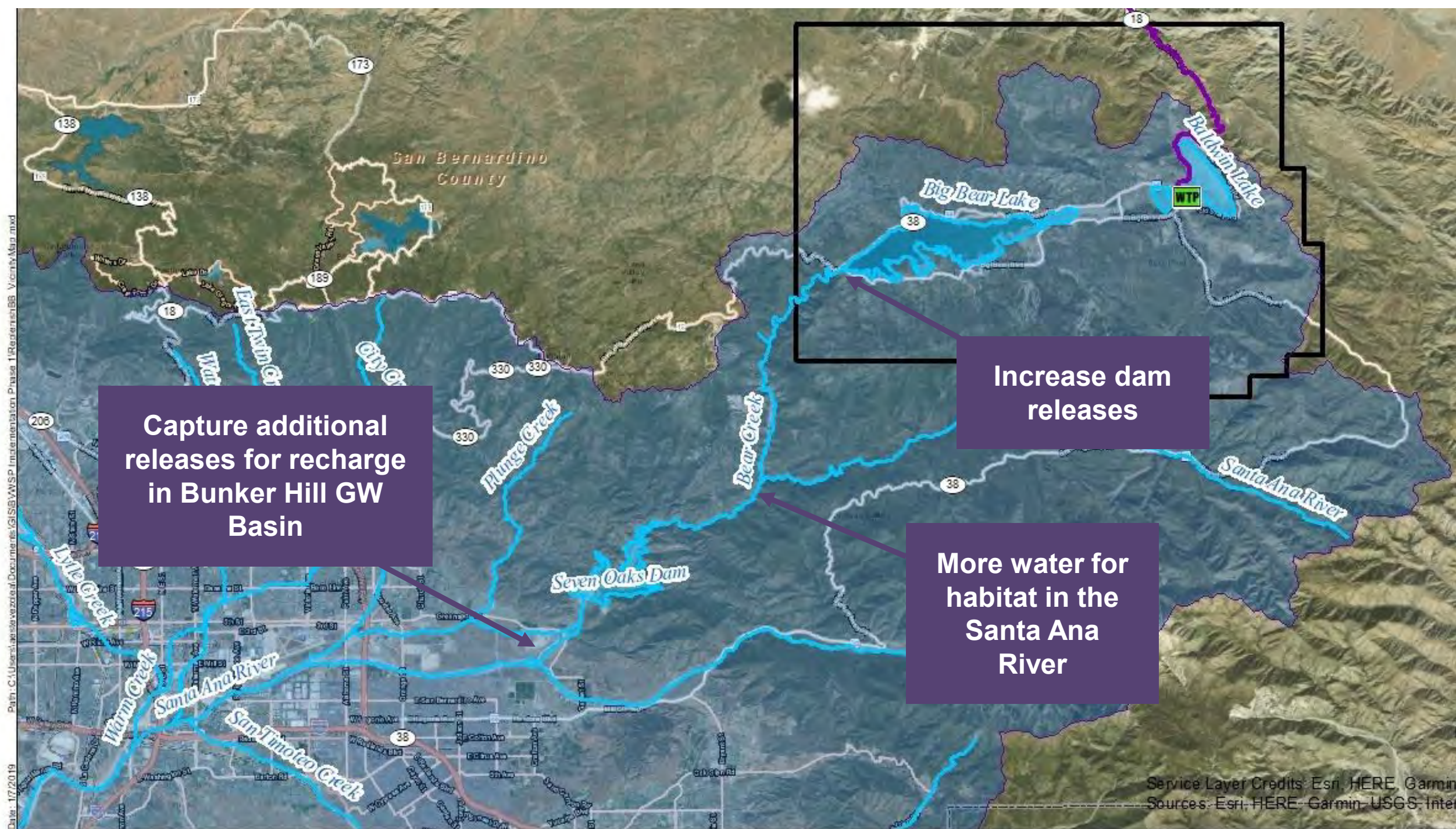
Local Benefits





REPLENISH
— Big Bear —

Potential Downstream Benefits



One Water multi-benefit approach meets federal, state and local goals

REGIONAL LEADERSHIP ALIGNS WITH STATE PRIORITIES

According to the California Water Action Plan and the SRF Intended Use Plan...





Possible Outside Funding Sources

- U.S. Bureau of Reclamation Title XVI Grant
- U.S. Department of Agriculture (USDA) Grant and Low Interest Loans
- DWR/SAWPA Prop 1 IRWM Grant
- U.S. Environmental Protection Agency Grant
- U.S. Army Corps of Engineers Partnership
- Mammoth Ski Resorts
- San Bernardino Valley Municipal Water District
- And more...

Our Path to a *Secure Water Future*



An aerial photograph of a large lake with mountains in the background. In the foreground, there is a residential area with houses and a marina with several docks. The text "QUESTIONS?" is overlaid in the center of the image.

QUESTIONS?



REPLENISH
— *Big Bear* —

THANK YOU!





Bear Valley Basin Groundwater Sustainability Agency Agenda Report

DATE: May 7, 2019

TO: Board of Directors

FROM: Reginald A. Lamson, Administrator

RE: **Relationship Between the BVBGSA and the Replenish Big Bear Project.**

Background:

The Replenish Big Bear Project will benefit BBARWA, BBMWD, BBCCSD, and BBLDWP. One of the key benefits of the Replenish Big Bear Project is enhancing the Bear Valley's groundwater sustainability. The BVBGSA is the appropriate agency to apply for grants structured to enhance groundwater sustainability and provide the Bear Valley community the best opportunity to obtain certain grants.

All four member agencies signed an MOU for cost sharing for the Replenish Big Bear Project. The BVBGSA functions as a pass-through entity for costs associated with the Replenish Big Bear Project. If the BVBGSA is successful in obtaining grants for the Replenish Big Bear Project, then administering the grant through the BVBGSA will facilitate the grant process.

In FY 2019/20, BVBGSA will be contracting for the completion of the Bear Valley Basin Groundwater Sustainability Plan (BVBGSP), which is expected to be fully funded by the \$177,000 Department of Water Resources (DWR), Proposition 1 Grant. The BVBGSP will include the groundwater sustainability benefits of the proposed Replenish Big Bear Project. Once we complete the BVBGSP, we will then file the report with the DWR for their review and approval. Having the Replenish Big Bear Project listed in an approved DWR report will enhance the Replenish Big Bear's potential for receiving future grant funds.

Financial Impact:

None.

Recommendation:

Informational report.



Bear Valley Basin Groundwater Sustainability Agency Agenda Report

DATE: May 7, 2019

TO: Board of Directors

FROM: Reginald A. Lamson, Administrator

RE: **DWR Bear Valley Basin Reprioritization Update**

Background:

The Bear Valley Basin was prioritized as “Medium” by the Department of Water Resources (DWR). The DWR is the State agency responsible for implementing the Sustainable Groundwater Management Act of 2014. After the original prioritization rankings were released by the DWR, several basins submitted comments, which prompted the DWR to reevaluate the basin boundaries and the prioritization rankings. Subsequently, the DWR revised both the basin boundaries and the prioritization rankings for all of the basins in California.

DWR recently released the draft Sustainable Groundwater Management Act, 2019 Basin Prioritization Report. The report describes the process the DWR used to determine a basin’s revised prioritization ranking and now the Bear Valley Basin (8-9) is ranked as “Very Low”. While the ranking for the Bear Valley Basin still showed “Medium”, the DWR revised the way they qualified basins for various exceptions, and the Bear Valley Basin is now reprioritized as “Very Low”. This Report and designation are still draft, but it is highly likely they are going to become official in the near future.

While we were waiting for the DWR to officially reprioritize the basin, BVBGSA staff applied for and received a \$177,000 DWR Prop 1 grant to prepare a Groundwater Sustainability Plan (GSP). A GSP is not currently required for basins that are ranked “Very Low”, but the DWR may require them in the future. Also, Bear Valley’s GSP will document various methods and projects the will improve the Bear Valley’s groundwater sustainability. Additionally, the proposed Replenish Big Bear project has several benefits to improve the Bear Valley’s groundwater sustainability. The Bear Valley GSP will include the proposed Replenish Big Bear Project in the plan, which will enhance the Bear Valley’s chances to obtain grant funding for the Replenish Big Bear Project.

Financial Impact:

None.

Recommendation:

Informational report.

Sustainable Groundwater Management Act

2019 Basin Prioritization

Process and Results



State of California
California Natural Resources Agency
Department of Water Resources
Sustainable Groundwater Management Program

APRIL 2019

i

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Acronyms and Abbreviations

Cal-SIMETAW	California Simulation of Evapotranspiration of Applied Water
CASGEM	California Statewide Groundwater Elevation Monitoring
DOF	California Department of Finance
DWR	California Department of Water Resources
GAMA	Groundwater Ambient Monitoring and Assessment
GSA	Groundwater Sustainability Agency
GSP	Groundwater Sustainability Plan
MCL	Maximum Contaminant Level
NHD	National Hydrography Dataset
OSWCR	Online System for Well Completion Reports
PLSS	Public Land Survey System
PWSS	Public Water System Statistics
SGMA	Sustainable Groundwater Management Act
SWRCB	State Water Resources Control Board
USGS	United States Geological Survey
WCR	Well Completion Report (DWR Form 188)

I. Purpose of Report

This report describes the background, process, and results of the Sustainable Groundwater Management Act (SGMA) 2019 Basin Prioritization. The California Department of Water Resources (DWR) is required to update California's groundwater basin prioritization in accordance with the requirements of SGMA and related laws.¹

II. Introduction

Bulletin 118 – Interim Update 2016 (California Department of Water Resources 2016a) defined 517 groundwater basins and subbasins in California. DWR is required to prioritize these 517 groundwater basins and subbasins as either high, medium, low, or very low. For the purposes of groundwater basin prioritization, basins and subbasins are processed equally and are referred to as basins in this report.

It is the policy of the State through SGMA that groundwater resources be managed sustainably for long-term reliability and multiple benefits for current and future beneficial uses. The State also recognizes that sustainable groundwater management is best achieved locally through the development, implementation, and updating of plans and programs based on the best available science.

DWR plays a key role in providing the framework for sustainable groundwater management in accordance with the statutory requirements of SGMA and other provisions within the California Water Code (Water Code). Other State agencies, including the State Water Resources Control Board (SWRCB) and California Department of Fish and Wildlife, play a role in SGMA implementation and are required to consider SGMA when adopting policies, regulations, or criteria, or when issuing orders or determinations, where pertinent.²

III. Background

Groundwater basin prioritization was initially completed by DWR in response to legislation enacted in California's [2009 Comprehensive Water Package](#) (California Department of Water Resources 2009), which established Part 2.11 of the Water Code requiring groundwater elevations be monitored seasonally in all groundwater basins identified in the *Bulletin 118 - 2003 Update*³ (California Department of Water Resources 2003a). Part 2.11 added general provisions to the Water Code that required DWR to identify the extent of groundwater elevation monitoring undertaken within each basin and directed DWR to prioritize basins for that purpose. In response to the new requirements of Part 2.11, DWR established the California Statewide Groundwater Elevation Monitoring (CASGEM) Program. In June 2014, the CASGEM Program released its prioritization for the groundwater basins identified in *Bulletin 118 - 2003*

¹ Water Code sections 10722.4 and 10933.

² Water Code Section 10720.9.

³ Stats. 2009-2010, 7th Ex. Sess., c. 1 (S.B.6), § 1, eff. Feb. 3, 2010.

California Department of Water Resources

Update. The CASGEM 2014 Basin Prioritization classified basins as high, medium, low, or very low based on the consideration of the eight components required in Water Code Section 10933(b).

In September 2014, Governor Brown signed into law three bills that formed SGMA.⁴ SGMA required DWR to update basin priority for each groundwater basin no later than January 31, 2015, and reassess the prioritization anytime DWR updates Bulletin 118 basin boundaries.⁵ DWR applied the CASGEM 2014 Basin Prioritization as the initial SGMA 2015 Basin Prioritization under SGMA, resulting in the designation of 127 high and medium priority basins (California Department of Water Resources 2014a).

In the fall of 2016, DWR completed and released groundwater basin boundary modifications. *Bulletin 118 – Interim Update 2016*, which included the final boundary modifications, was published on December 22, 2016. As a result of these modifications, updated basin prioritizations were required for the 517 groundwater basins identified in Bulletin 118. In May of 2018, DWR released the draft basin prioritization results for the 517 basins and held a 94-day public comment period. Simultaneously, local agencies requested a subsequent round of basin boundary modifications. This required DWR to prioritize the basins in two phases (referred to as SGMA 2019 Basin Prioritization Phase 1 and 2).

The SGMA 2019 Basin Prioritization Phase 1 focused on the basins that used the *Bulletin 118 – Interim Update 2016* basin boundary shapefile (California Department of Water Resources 2016b) and not affected by the 2018 basin boundary modifications. This phase allowed DWR to finalize in January 2019 the SGMA 2019 Basin Prioritization Phase 1 priorities that included 458 basins.

SGMA 2019 Basin Prioritization Phase 2 covers the remaining 57 basins that include the 53 basins that were modified and approved, as well as two that were not approved by DWR as part of the 2018 basin boundary modifications, plus two basins whose boundary modifications were from Assembly Bill 1944. All 57 basins of SGMA 2019 Basin Prioritization Phase 2 used the *Bulletin 118 – Update 2019* basin boundary shapefile (California Department of Water Resources 2019).

SGMA applies to all California groundwater basins and requires that high- and medium-priority groundwater basins form Groundwater Sustainability Agencies (GSAs) and be managed in accordance with locally-developed Groundwater Sustainability Plans (GSPs) or Alternatives to GSPs (Alternatives). High- and medium-priority basins that are identified in *Bulletin 118 – Interim Update 2016* as a critically overdrafted basin are required to submit a GSP by January 31, 2020. The remaining high- and medium-priority basins identified in January 2015 are required to submit a GSP by January 31, 2022. Basins newly identified as high- or medium-priority in the SGMA 2019 Basin Prioritization are required to form a GSA or submit an Alternative within two years from the date the basin's priority is finalized and are required to submit a GSP five years from the same finalization date.

⁴ Stats.2014, c. 346 (S.B.1168), § 3, c. 347 (A.B.1739), § 18, c. 348 (S.B.1319), § 2, eff. Jan. 1, 2015.

⁵ Water Code sections 10722.4(b) and 10722.4(c)

IV. SGMA 2019 Basin Prioritization

The SGMA 2019 Basin Prioritization process was conducted to reassess the priority of the groundwater basins following the 2016 basin boundary modification, as required by the Water Code.⁶ For the SGMA 2019 Basin Prioritization, DWR followed the process and methodology developed for the CASGEM 2014 Basin Prioritization, adjusted as required by SGMA and related legislation. DWR is required to prioritize basins for the purposes of SGMA,⁷ which was enacted, among other things, to provide for the sustainable management of groundwater basins. This entailed a reassessment of factors that had been utilized in the CASGEM program to prioritize basins based on groundwater elevation monitoring. SGMA also required DWR to continue to prioritize basins based on a consideration of the components specified in Water Code Section 10933(b), but the list of components had been amended to include the italicized language:

1. The population overlying the basin or subbasin.
2. The rate of current and projected growth of the population overlying the basin or subbasin.
3. The number of public supply wells that draw from the basin or subbasin.
4. The total number of wells that draw from the basin or subbasin.
5. The irrigated acreage overlying the basin or subbasin.
6. The degree to which persons overlying the basin or subbasin rely on groundwater as their primary source of water.
7. Any documented impacts on the groundwater within the basin or subbasin, including overdraft, subsidence, saline intrusion, and other water quality degradation.
8. Any other information determined to be relevant by the department, *including adverse impacts on local habitat and local streamflows* [emphasis added].

DWR incorporated new data, to the extent data are available⁸, and the amended language of Water Code Section 10933(b)(8) (component 8) to include an analysis of adverse impacts on local habitat and local streamflows as part of the SGMA 2019 Basin Prioritization. Evaluation of groundwater basins at a statewide scale does not necessarily capture the local importance of groundwater resources within the smaller-size or lower-use groundwater basins. For many of California's low-use basins, groundwater provides close to 100 percent of the local beneficial uses. Thus, when reviewing the SGMA 2019 Basin Prioritization results, it is important to recognize the findings are not intended to characterize groundwater management practices or diminish the local importance of the smaller-size or lower-use groundwater basins; rather, the results are presented as a statewide assessment of the overall importance of groundwater resources in meeting beneficial uses.

⁶ Water Code Section 10722.4(c)

⁷ Water Code Section 10722.4(a)

⁸ Water Code Section 10933(b)

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The following information was deemed relevant and considered as part of component 8 for the SGMA 2019 Basin Prioritization based on SGMA:

- Adverse impacts on local habitat and local streamflows.
- Adjudicated areas.
- Critically overdrafted basins.
- Groundwater-related transfers.

Additional information about how each of these components were analyzed can be found in the process section of this document.

V. Process

The CASGEM 2014 and SGMA 2019 basin prioritization used the basin's total priority points assigned to each of the eight components to determine the priority. Based on the total accumulated priority points, the basin was assigned a very low, low, medium, or high priority. Both prioritization processes included additional evaluations of the basins that could alter the points assigned and thus the priority.

The data sources, processes, and steps used to evaluate each of the eight components of Water Code Section 10933(b) for the SGMA 2019 Basin Prioritization are described below. Supplemental data submitted during the May 2018 Draft Basin Prioritization comment period was also considered before finalization.

Component 1: The population overlying the basin or subbasin⁹

Data Source

- 2010 United States Census population block data (California)

Process

Population density was analyzed for the SGMA 2019 Basin Prioritization using the same methods and data relative to the CASGEM 2014 Basin Prioritization. The 2010 United States Census population block data (United States Census Bureau 2010a and 2010b) was used to calculate the population overlying each groundwater basin using the following methods:

- For population blocks contained wholly within a basin boundary, all population in the block was included in the basin population total.
- For population blocks located partially within the basin, the proportion of the population included was equal to the proportion of the area of the block contained within the basin and was applied to the basin population total. For example, if 60% of the population block was within basin boundaries, then 60% of the reporting block total population was attributed to the total population of the basin.

⁹ Water Code Section 10933(b)(1)

Step 1 – Calculate Basin’s Total Population: The basin’s total population was calculated by summing all the included population blocks per the two methods described above.

Step 2 – Calculate the Population Density: The basin’s 2010 population density was calculated by dividing the basin’s total population (Step 1) by the basin’s area (square miles – Appendix 1).

Table 1 lists the priority points and associated ranges of population density.

Table 1 Component 1: Priority Points and Ranges for Population Density

Priority Points	Population Density (people/square mile) ‘x’ = population density
0	$x < 7$
1	$7 \leq x < 250$
2	$250 \leq x < 1,000$
3	$1,000 \leq x < 2,500$
4	$2,500 \leq x < 4,000$
5	$x \geq 4,000$

Component 2: The rate of current and projected growth of the population overlying the basin or subbasin¹⁰

Data Source

- 2000 and 2010 United States Census population block data (California)
- California Department of Finance (DOF) current trend 2030 county population projections
- 2000 and 2010 county population estimates developed for the California Water Plan Update 2018 (California Department of Water Resources 2018a)

Process

Population growth was analyzed for the SGMA 2019 Basin Prioritization using the same methods and data relative to the CASGEM 2014 Basin Prioritization.

Part A: Estimating Basin and Non-Basin Population within each County

Step 1 – Calculate the 2000 and 2010 Basin Population: The 2000 (United States Census Bureau 2000a and 2000b) and 2010 population were estimated for all basins and portions of basins within each county using the methods described for component 1.

Step 2 – Calculate the 2000 and 2010 Non-Basin Area Population by County: For each county, the 2000 United States Census population block data (United States Census Bureau 2000a and b) and 2010

¹⁰ Water Code Section 10933(b)(2)

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United States Census population block data were used to calculate the population overlying the non-basin area in each county:

- For population blocks contained wholly outside of a basin boundary and within the county, all population in the block was included in the non-basin population total for the county.
- For population blocks located partially outside of a basin boundary and within the county, the proportion of the population block contained outside of a basin was applied to the non-basin population total for the county. For example, if 40 percent of the reporting block total population was located outside of a basin boundary, 40 percent of the population was attributed to the total population of the non-basin area.
- For population blocks located outside of a basin boundary and partially outside of the county, the proportion of the population block contained within the county was applied to the non-basin population total. For example, if 60 percent of the population block was within county boundaries, then 60 percent of the reporting block total population was attributed to the total population of the non-basin area.

Step 3 – Calculate the Difference Between the 2000 and 2010 Population: The difference between the 2000 and 2010 population estimates for each of the basins, portions of basins, and non-basin areas was calculated within each county.

Step 4 – Calculate the Share of the Basin’s Population Growth: The total population difference for the county was determined by summing the values from Step 3. The share (percentage) of the basin’s population growth over the 2000 to 2010 decade was calculated by dividing the total basin population difference by the total county population difference.

Step 5 – Calculate the Projected Population Change from 2010 to 2030: The DOF current trend 2030 population projection for the county was used to determine the total change in county population between 2010 estimates and 2030 population projections.

Step 6 – Calculate the 2030 Population Projection: Each basin and non-basin share percentage (Step 4) was multiplied by the total 2030 projected change (Step 5) to produce a 2030 population projection for each basin and non-basin area within the 58 counties. For most basins located within a single county, the 2030 population projection was considered complete. Some low-population basins required minor adjustments when the projected population resulted in a negative value. In these situations, the population was adjusted to zero and the initial basin’s results were redistributed to the other basin and non-basin areas in the county. For basins located in more than one county, the 2030 population projections for each portion of a basin that crossed a county boundary were summed to produce a 2030 population projection for the entire basin.

Estimates of population growth obtained using the methods described above were evaluated and adjusted, as necessary, to conform with DOF current trend 2030 county projections per California Government Code Section 13073(c).

Part B: Determining the 2030 Population Growth (Percentage)

The projected percent growth within each basin was determined by subtracting the 2010 population estimate (component 1) from the 2030 population projection (Step 6 of Part A) and dividing the result by the 2010 populations estimate:

$$\text{Percent Growth} = ((\text{Projected 2030 Basin Population} - \text{2010 Basin Population}) / \text{2010 Basin Population}) * 100$$

Part C: Determining the Priority Points for Population Growth

Using the percent growth calculated in Step 4 of Part A, the basin was assigned the preliminary priority points identified in Table 2. Before determining the priority points, additional analysis was completed to determine if the basin met the minimum requirements for population growth as defined in the CASGEM 2014 Basin Prioritization process (California Department of Water Resources 2014b):

- Does the basin have zero 2010 population?
- Does the basin have less than or equal to zero percent growth?
- Is the basin's 2010 population (component 1) less than 1,000 people and does the basin have growth greater than zero?
- Is the basin's 2010 basin population less than or equal to 25,000 and is the basin's 2010 population density less than 50 people per square mile?

If the answer was 'yes' to any of the four questions above, the priority points for component 2 were recorded as zero. If the answer was 'no' to all four questions above, the priority points were applied to each basin based on the percentage of population growth. Table 2 lists the priority points and associated ranges of population growth percentage.

Table 2 Component 2: Priority Points and Ranges for Population Growth

Priority Points	Population Growth (percent) 'x' = Population growth percentage
0	$x \leq 0$
1	$0 < x < 6$
2	$6 \leq x < 15$
3	$15 \leq x < 25$
4	$25 \leq x < 40$
5	$x \geq 40$

Component 3: The number of public supply wells that draw from the basin or subbasin¹¹

Data Source

- SWRCB, Division of Drinking Water - Public Supply Database, March 2016
- Verified local public supply well location and use information received through public comment process

Process

Public supply wells were analyzed for the SGMA 2019 Basin Prioritization using the same methods and updated data relative to the CASGEM 2014 Basin Prioritization.

The SWRCB public supply well database (State Water Resources Control Board 2016) was used to calculate the number of public supply wells that draw from the basin, as it is the only statewide dataset that includes records associated with supply water for the public. The SWRCB public supply well database was accessed during March 2016 for the SGMA 2019 Basin Prioritization process. Each record in the database contains fields for active and inactive systems, water source (groundwater or surface water), and testing location. Different records for the same public supply system can exist due to separate testing locations for water quality. In most cases, the only distinction is in the location name.

The public supply data was processed by taking the following steps:

Step 1 – Query the Public Supply Well Database for Active Wells: The individual public supply wells that draw from each basin were determined by querying the public supply well database for entries classified as ‘active,’ and ‘groundwater,’ and that contained the word ‘well’ in the location name. Only wells active as of the time the data was extracted (March 2016) were included in this analysis. The number of individual public supply wells determined in this manner is not intended to establish an absolute value for any given basin, but to provide a relative measure of such wells between basins.

Step 2 – Perform Quality Control of Public Supply Well Coordinates: Each record from Step 1 was reviewed to identify incomplete or blank coordinates. Incomplete coordinates did not include enough decimal places in the coordinates to reliably map. They were corrected, when possible, using available attributes provided with public supply data. Records with blank coordinates were also corrected, when possible, using available attributes provided with public supply data. Wells with corrected coordinates were identified as modified with a “DWR” tag.

Step 3 – Compare Coordinates to County Codes: Public supply well locations were compared to the two-digit County Code included in the Public Water System Identification Number. If the well location did not fall within the proper county and location information was not readily available in the public supply well attributes, the public supply well was not included in the dataset.

¹¹ Water Code Section 10933(b)(3)

Step 4 – Sum of Wells in Basin: Using Geographic Information System (GIS) software, the number of wells in each basin were counted based on the reconciled information from Steps 2 and 3.

Step 5 – Calculate the Public Supply Well Density: To calculate the public supply well density, the number of public supply wells (Step 4) was divided by the basin area (square miles).

Priority points were applied to each basin based on the calculated public supply well density. Table 3 lists the priority points and associated ranges of public supply well density.

Table 3 Component 3: Priority Points and Ranges for Public Supply Well Density

Priority Points	Public Supply Well Density (x = wells per square mile)
0	$x = 0$
1	$0 < x < 0.1$
2	$0.1 \leq x < 0.25$
3	$0.25 \leq x < 0.5$
4	$0.5 \leq x < 1.0$
5	$x \geq 1.0$

Component 4: The total number of wells that draw from the basin or subbasin¹²

Data Source

- Online System for Well Completion Reports (OSWCR) (California Department of Water Resources 2017)
- Verified local well location and use information received through public comment process

Process

Production wells were analyzed for the SGMA 2019 Basin Prioritization using updated methods and data relative to the CASGEM 2014 Basin Prioritization. Updated methods included defining production wells and improving the well location process. Both updated methods are further described below.

DWR's new OSWCR database, which was not available at the time of the CASGEM 2014 Basin Prioritization, was used for the SGMA 2019 Basin Prioritization. The OSWCR database is a statewide dataset of well completion reports (WCRs). Each WCR contains useful information including well type, location, construction details, time of drilling, well performance, and aquifer characteristics.

¹² Water Code Section 10933(b)(4)

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Part A – Identifying Production Wells

The OSWCR database was used to identify production wells whose well use type within the WCR is listed as agriculture, domestic, irrigation, municipal, commercial, stock, industrial, or other extraction. If the well use type was not provided on the WCR, the following information, if present, was evaluated to determine if the WCR would be used for component 4.

- Many WCRs with an ‘unknown’ well type provide information about the well casing size and total depth. Criteria for separating production from non-production wells based on well casing size and total depth was established by reviewing domestic and water quality monitoring WCRs. It was determined that screening for a well casing greater than or equal to 4 inches and a total depth greater than or equal to 22 feet to identify production wells would provide the best balance between the urban and rural well characteristics. If the criteria of a well casing greater than or equal to 4 inches and a total depth greater than or equal to 22 feet were met, the WCR was considered to represent a production well.
- In some cases, the WCR only provided information on either well casing diameter or well depth information. For WCRs that only provided well casing size, the casing had to be greater than or equal to 4 inches to be considered a production well. For WCRs that only provided well depth, the well depth had to be greater than or equal to 22 feet to be considered a production well.

Part B – Determining the Location of Production Wells to the Highest Resolution

Well locations were determined using information included on the WCRs. For WCRs that included latitude and longitude, the coordinates were used to determine well locations. The spatial resolution in these cases was assumed to be absolute.

For WCRs that provided a spatial reference location based on Public Land Survey System (PLSS) data, a centroid location was assigned. The spatial reference location for a well gives a general well location within a known area rather than the actual well location. The process for assigning a well location to a spatial reference location based on information provided in the WCRs is discussed below:

- **WCRs with township-range-section, baseline meridian, and county information:** For WCRs that included township-range-section, baseline meridian, and county information, a section centroid was used as the well location. If the given section was split by a county line, a county-section was created for each portion of the section, and WCRs that identified the county and PLSS location were assigned to that county-section. WCRs were assigned coordinates representing their respective county-section centroid. The spatial resolution in these cases was less than or equal to one square mile.
- **WCRs with incorrect or without baseline meridian:** For WCRs that either did not provide a baseline meridian or provided an incorrect baseline meridian, the county location information was relied upon to locate the well to a county-section and assign a respective centroid. The spatial resolution in these cases was less than or equal to one square mile.
- **WCRs with incorrect or without county:** For WCRs that either did not provide a county or provided an incorrect county, the township-range-section and baseline meridian information was relied on to locate the well to a section and assign a respective centroid. The spatial

resolution in these cases was less than or equal to one square mile.

- **WCRs without township-range-section, baseline meridian, and county information:** All WCRs that did not provide township-range-section, baseline meridian, and county information were discarded from the analysis.

Part C – Estimating Number of Production Wells within a Basin

The total number of production wells in a basin was estimated by considering all the wells actually and potentially located in the basin. Wells assigned a centroid location were proportionally counted because the exact location of the wells was unknown. The process for proportionally counting wells is described below:

Step 1 – Map Wells using GIS Software: All wells with coordinates (absolute or section centroid coordinates) were mapped using Geographic Information System (GIS) software.

Step 2 – Sum Wells Wholly in Basin: Based on results from Step 1, if a well's absolute location or entire section's area associated with the centroid was wholly within a basin boundary, it was counted as one well.

Step 3 – Sum Wells Partially in Basin: Based on results from Step 1, if a section's area associated with the centroid was only partially located in a basin, all the wells within the section were proportionally counted based on the proportion of the spatial reference area located in the basin. For example, if only 50 percent of a section's spatial reference area was located in a basin, then all the wells in the section's spatial reference area were given a weighted value of 0.50 for that basin.

Step 4 – Calculate Total Number of Production Wells: The total number of production wells (Steps 2 and 3) in each basin was summed and then rounded down to the nearest whole number.

Part D – Determining the Basin Production Well Density

Once production well totals were calculated for each basin (Part C), the production well density was calculated by dividing the basin's total number of production wells by the basin's area (square mile).

Table 4 lists the priority points and associated ranges of production well density.

Table 4 Component 4: Priority Points and Ranges for Total Production Well Density

Priority Points	Production Well Density (x = production wells per square mile)
0	$x = 0$
1	$0 < x < 2$
2	$2 \leq x < 5$
3	$5 \leq x < 10$
4	$10 \leq x < 20$
5	$x \geq 20$

Component 5: The irrigated acreage overlying the basin or subbasin¹³

Data Source

- Statewide Crop Mapping 2014 (California Department of Water Resources 2014c)
- Verified local land use information received through public comment process

Process

The consideration of irrigated acreage as a component of the SGMA 2019 Basin Prioritization used the same methods with updated data relative to the CASGEM 2014 Basin Prioritization. The CASGEM 2014 Basin Prioritization used DWR Land Use mapping data to determine irrigated acres. However, the land use data represented multiple years of survey efforts throughout the State. For the SGMA 2019 Basin Prioritization, the Statewide Crop Mapping 2014 dataset was used to provide statewide coverage for a single year. The Statewide Crop Mapping 2014 dataset is a statewide, comprehensive field-level assessment of summer-season agriculture, managed wetlands, and urban boundaries for the 2014 year.

For the purposes of basin prioritization, all agriculture identified in the Statewide Crop Mapping 2014 dataset was identified as irrigated unless an agricultural field had been previously identified by DWR as dry-farmed. Only irrigated acreage inside the basin boundaries was included in the calculation and analysis. This was accomplished by overlying the spatial crop mapping data on groundwater basin boundaries to determine total agricultural field acreage overlying the basin.

The basin's irrigated acreage density was calculated by dividing the basin's total irrigated acreage by the basin's area (square mile).

Table 5 lists the priority points and associated ranges of density of irrigated acres.

Table 5 Component 5: Priority Points and Ranges for Density of Irrigated Acres

Priority Points	Density of Irrigated Acres (x = acres of irrigation per square mile)
0	$x < 1$
1	$1 \leq x < 25$
2	$25 \leq x < 100$
3	$100 \leq x < 200$
4	$200 \leq x < 350$
5	$x \geq 350$

¹³ Water Code Section 10933(b)(5)

Component 6: The degree to which persons overlying the basin or subbasin rely on groundwater as their primary source of water¹⁴

The groundwater reliance component in basin prioritization is comprised of two elements: total estimated groundwater use in the basin, referred to as Groundwater Use (sub-component 6.a), and the overall percent groundwater represents of the estimated total water use in the basin, referred to as Groundwater Reliance (sub-component 6.b).

Sub-component 6.a: Evaluating Volume of Groundwater Use

The consideration of groundwater use as a sub-component of the SGMA 2019 Basin Prioritization groundwater reliance component used updated methods and data relative to the CASGEM 2014 Basin Prioritization. The CASGEM 2014 Basin Prioritization used the DWR Agricultural model. For the SGMA 2019 Basin Prioritization, agricultural groundwater use was calculated by incorporating the crop types and total acreage from component 5 (above) into the California Simulation of Evapotranspiration of Applied Water (Cal-SIMETAW) v3.2 model (Morteza et al. 2013). The Cal-SIMETAW model was used for the SGMA 2019 Basin Prioritization to be consistent with the *California Water Plan Update 2018*. The model results were represented by evapotranspiration of applied water for each crop in the basin, representing total water demand not met by precipitation in Water Year 2014.

The updated process for this sub-component also included the use of Water Year 2014 (October 1, 2013 to September 30, 2014) data for both agricultural applied water and urban water used. Water Year 2014 was used because the Statewide Crop Mapping 2014 dataset was the best statewide land use information available at the time of analysis. The 2014 land use information also serves as a bench mark of water use prior to the enactment of SGMA.

The updated process for calculating urban groundwater use (Part B, below) included the use of local agency data provided in the SWRCB Public Water System Statistics (PWSS) database (California Department of Water Resources 2014d) and water purveyor boundaries.

Part A: Estimating Agricultural Groundwater Use

Data Source

- California Simulation of Evapotranspiration of Applied Water v3.2
- Statewide Crop Mapping 2014 (California Department of Water Resources 2014c)
- Irrigated Acres (component 5)
- Water balance data developed to support the California Water Plan
- Verified local agricultural information received through public comment process

Process

Agricultural groundwater use was estimated using the most recent Statewide Crop Mapping 2014 survey for land use acreages and the Cal-SIMETAW model, which incorporates local soil information, growth

¹⁴ Water Code Section 10933(b)(6)

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dates, crop coefficients, and evapotranspiration data from the Spatial California Irrigation Management Information System for water use demand estimates. Estimates were calculated using the following steps:

Step 1 – Determine Total Acres of Each Major Crop: The DWR Statewide Crop Mapping 2014 acreage data were overlaid on groundwater basin boundaries to determine the total acres of each DWR-defined major crop class (see Appendix 2) within the groundwater basins.

Step 2 – Determine Applied Water per Acre per Major Crop: The Cal-SIMETAW model was used to determine the volume of applied water for the DWR-defined major crop classes within the groundwater basins. Applied water per single acre of each DWR-defined major crop class was then estimated within each basin.

Step 3 – Calculate Total Applied Water for Each Crop: The estimates of applied water per single acre for each major crop class (Step 2) were multiplied by the total acres of DWR-defined major crop classes (Step 1) to estimate the total applied water for each crop class. The total applied water for each crop class was added to determine the total applied water for agriculture in the basin. The total applied water for each crop represents the combination of surface water and groundwater.

Step 4 – Calculate Total Groundwater Use: The total groundwater use (acre-feet) for the basin was estimated by multiplying the total applied water (Step 3) by the groundwater percentage of total applied water provided in the California Water Plan Update 2018.

Part B: Estimating Urban Groundwater Use

Data Source

- Public Water System Statistics (PWSS) database (California Department of Water Resources 2014d)
- Water purveyor boundaries (multiple sources)
- United States Department of Agriculture (USDA) National Agricultural Statistics Service CropScape and Cropland data layers (Urban portion) 2014
- Land Use surveys (Urban portion) (2000 through 2014)
- Groundwater Basin population data (2014)
- Verified local urban water use information received through public comment process

Process

Urban groundwater use was estimated within each groundwater basin using the data sources listed above. The data sources were processed using the following methods:

Step 1 - Determine Groundwater Basin Population: Actual census population block data and DOF population estimates are only available for years ending in a zero. DWR required 2014 population data to process the urban groundwater volumes. DWR accessed a third-party demographics software (Nielsen Claritas 2014) that estimated the population based on groundwater basin boundaries to determine the 2014 population.

Step 2 - Refine Water Purveyor Service Area: Service area boundaries were compiled using multiple sources including a DWR database, direct inquiries, and information included in Urban Water Management Plans. The service area boundaries were then refined based on the urban land use data (U.S. Department of Agriculture 2014; California Department of Water Resources 2000 through 2014) and overlaid on groundwater basin boundaries. The basin fraction value of the boundary that overlies each basin was used in subsequent steps.

Step 3 – Determine Population Served Within Groundwater Basin: Urban water purveyors' PWSS water use and population served data (California Department of Water Resources 2014d) were linked to their respective service area boundaries as refined in Step 2. The basin fraction value (Step 2) of the water purveyor boundary was applied to the total population served to determine the population served within the basin.

Step 4 - Determine Self-Supplied Population: The self-supplied population was determined by calculating the difference between population served in the basin (Step 3) and the basin population (Step 1).

Step 5 – Determine Water Purveyor Per-Capita Water Use: The water purveyors' PWSS water use and population served data were used to develop their respective per-capita water use.

Step 6 – Determine Groundwater Basin Per-Capita Water Use: The water purveyors that were identified as having all or part of their service area within a basin were used in this calculation. Each water purveyors' per-capita water use was averaged together using their respective population served and basin fraction value (Step 2).

Step 7 – Calculate Population-Based Water Use: Groundwater basin per-capita estimates (Step 6) were multiplied by the corresponding groundwater basin 2014 population (Step 1) to produce an estimated population-based urban water use. If the groundwater basin did not have any organized water purveyors, DWR provided an estimated average per-capita use to be used in the calculation.

Step 8a – Calculate Groundwater Use for Population Served by Water Purveyor: The urban water purveyors' PWSS data also reports the source of water used in their systems. DWR used this information along with the basin fraction value (Step 2) to calculate the basin's surface water and groundwater volume and the respective percent of total water supplied.

Step 8b – Calculate Groundwater Use for Self-Supplied Population: Self-supplied groundwater use was calculated by multiplying the per-capita value determined in Step 6 by the self-supplied population. DWR determined the source of supply for the self-supplied population to be groundwater in most cases.

Step 9 – Estimate Additional Groundwater Use: Additional urban water uses (such as golf courses, parks, and self-supplied industrial) were calculated if data were available from local sources such as Urban Water Management Plans.

Step 10 – Calculate Total Urban Groundwater Use: The groundwater amounts calculated in Steps 8a, 8b, and 9 were combined to obtain the total urban groundwater use.

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Part C: Calculating Total Groundwater Use

Total groundwater use was calculated by adding agricultural groundwater use (Part A, Step 4) and urban groundwater use (Part B, Step 10). Basin groundwater use per acre was calculated for each basin by dividing the total acre-feet of groundwater use by the basin area (acres). Table 6 lists the points and associated ranges of groundwater use per acre.

Table 6 Component 6.a: Points and Ranges for Groundwater Use per Acre

Points	Groundwater Use per Acre ($x = \text{acre-ft} / \text{acre}$)
0	$x < 0.03$
1	$0.03 \leq x < 0.1$
2	$0.1 \leq x < 0.25$
3	$0.25 \leq x < 0.5$
4	$0.5 \leq x < 0.75$
5	$x \geq 0.75$

Sub-component 6.b: Evaluating Overall Supply Met by Groundwater**Data Source**

- Sub-component 6.a

Process

The consideration of overall supply met by groundwater (percent) as a component of the SGMA 2019 Basin Prioritization used the same methods and updated data relative to the CASGEM 2014 Basin Prioritization.

After developing the total groundwater volume for the groundwater basin (see sub-component 6.a – Evaluation of Volume of Groundwater Use), the percentage of groundwater supply was derived as the ratio of total groundwater volume to total water use.

Step 1 – Calculate Total Groundwater Use: Agricultural groundwater use was added to urban groundwater use to determine the total groundwater use for each basin (sub-component 6.a, Part C).

Step 2 – Calculate Total Water Use: Agricultural applied water (surface water and groundwater) was added to urban total supply (surface water and groundwater) to determine total water used within each basin.

Step 3 – Calculate Percent of Total Water Supply Met by Groundwater: Total groundwater used (Step 1) was divided by total water used (Step 2) to calculate the groundwater portion of the total water supply.

Table 7 lists the points and associated ranges of percent of total water supply met by groundwater.

Table 7 Component 6.b: Points and Ranges for Percent of Total Water Supply Met by Groundwater

Points	Total Supply Met by Groundwater (x = Groundwater Percent)
0	x = 0
1	0 < x < 20
2	20 ≤ x < 40
3	40 ≤ x < 60
4	60 ≤ x < 80
5	x ≥ 80

Calculating the Total Priority Points for Groundwater Reliance

Priority Points for the degree to which persons overlying the basin rely on groundwater as their primary source of water was calculated by averaging the points for groundwater volume density (6.a) and percent of total water supply met by groundwater (6.b).

$$\text{Average (6.a Points + 6.b Points)} = \text{Priority Points}$$

Component 7: Any documented impacts on the groundwater within the basin or subbasin, including overdraft, subsidence, saline intrusion, and other water quality degradation¹⁵

Documented impacts on groundwater were analyzed for the SGMA 2019 Basin Prioritization using updated data and methods relative to the CASGEM 2014 Basin Prioritization. The CASGEM 2014 Basin Prioritization treated all four of the sub-components (overdraft, subsidence, saline intrusion, and other water quality degradation) as a single impact and assigned up to five priority points to the basin based on the effect of the combined documented impacts. The SGMA 2019 Basin Prioritization included separate evaluation of documented groundwater impacts for each of the four sub-components. Points were assigned based on the presence or absence of documented impacts for each sub-category, with the exception of water quality degradation for which points were assigned based on the magnitude and extent of the reported contaminant levels. The updated process is summarized below and described in detail in the following sections.

Each of the four sub-components of component 7 were assigned different maximum points based on the nature of the impact, and whether the impact was susceptible to avoidance or remediation through sustainable groundwater management practices, as follows:

- Basins with declining groundwater levels were assigned 7.5 points.
- Basins with current inelastic subsidence were assigned 10.0 points; basins with only historical inelastic subsidence were assigned 3.0 points.
- Basins with saline intrusion were assigned 5.0 points.
- Basins with water quality measurements that exceed maximum contaminant levels (MCLs)

¹⁵ Water Code Section 10933(b)(7)

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were assigned 1.0 to 3.0 points.

Sub-component 7.a: Documented Overdraft or Groundwater Level Decline

Data Source

Declining groundwater levels were evaluated by reviewing groundwater level data published over the last 20 years. Evaluation also consisted of reviewing available hydrographs; groundwater management plans; annual reports, such as from watermasters and urban water districts; grant applications submitted to DWR; professional studies; *Bulletin 118 – Update 2003*; *California Water Plan Update 2013* (California Department of Water Resources 2015); Alternatives submitted pursuant to SGMA; and published environmental documents.

Process

Based on available groundwater level data, hydrographs, or similar data for each basin, groundwater levels were classified as being stable, rising, or declining. To make this determination, each piece of data was viewed back in time as far as possible. In many cases, data limited the review time frames to six to ten years, while other data extended back 20 years or more. The entire basin did not have to show declining groundwater levels to be classified as having declining groundwater levels. In most cases, multiple hydrographs were used to support the overall basin determination concerning the status of groundwater levels.

Basins that exhibited declining groundwater levels were assigned 7.5 points.

Sub-component 7.b: Documented Subsidence

Data Source

Evaluation of inelastic subsidence consisted of reviewing hydrographs, extensometer data, and land use data; groundwater management plans submitted to DWR; annual reports, such as from watermasters and urban water districts; grant applications submitted to DWR; professional studies, including those from the NASA Jet Propulsion Laboratory and United State Geological Survey (USGS); Interferometric synthetic aperture radar via Sentinel-1A satellite maps; University NAVSTAR Consortium (UNAVCO) Plate Boundary Observatory graphs; *Bulletin 118 – Update 2003*; *California Water Plan Update 2013*; and environmental documents.

Process

Water Code Section 10933(b)(7) identifies inelastic subsidence as one of the four documented impacts DWR needs to consider under SGMA 2019 Basin Prioritization, to the extent data are available. Inelastic subsidence data related to groundwater extractions were evaluated to determine if inelastic subsidence was current or historical. To reach one of these determinations, data was viewed back in time as far as possible. In many cases the time frames were six to ten years for current conditions, while historical analyses required going back 20 years or more. When both historical and current inelastic subsidence was identified, only the current inelastic subsidence was considered for this sub-component.

Points were assigned based on the status of inelastic subsidence found in the basin:

- Basins with no observed inelastic subsidence were assigned 0 points.
- Basins with current inelastic subsidence were assigned 10 points.
- Basins with only historical inelastic subsidence were assigned 3 points.

Sub-component 7.c: Documented Saline Intrusion

Data Source

Saline intrusion was evaluated by reviewing available data published over the last 20 years. Evaluation consisted of reviewing hydrographs; groundwater management plans; annual reports, such as from watermasters and urban water districts; grant applications submitted to DWR; professional studies; *Bulletin 118 – Update 2003*; *California Water Plan Update 2013*; Alternatives submitted pursuant to SGMA; county hazards reports; and environmental documents.

Process

Saline intrusion in the coastal and Sacramento-San Joaquin Delta groundwater basins, as defined in *Bulletin 118 – Interim Update 2016*, was determined by researching available documents for references of past or current excess salinity problems.

The primary source of information used was local reports and studies that focused on the challenges of saline intrusion within individual basins. The reports and studies directed at managing or preventing saline intrusion were related to:

- Water quality analyses.
- Projects designed to stop or reverse current or past intrusions.
- Groundwater management re-operation that reduced or shifted current operations to other parts of the basin or invested in enhanced groundwater and surface water conjunctive management.

Basins with documented evidence of saline intrusion were assigned 5 points.

Sub-component 7.d: Documented Water Quality Degradation

Data Source

- SWRCB, Division of Drinking Water – Public Supply Database, all active wells (March 2016)
- SWRCB – GeoTracker Groundwater Ambient Monitoring and Assessment (GAMA) secure database (Division of Drinking Water, reported Water Quality results (as of April 4, 2017)
- SWRCB – Maximum Contaminant Level (MCL) list (as of November 2017)

Process

The SGMA 2019 Basin Prioritization followed a multi-part process to analyze water quality degradation in a basin. Initially, the water quality data maintained by the SWRCB Division of Drinking Water was used to conduct a statewide assessment of a range of water quality constituents. Data were analyzed using

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the following methods:

- Water quality testing data were queried statewide in the GeoTracker GAMA secure database (State Water Resources Control Board 2017) for each constituent with a MCL (Appendix 3).
- Data with a sample date between January 1, 2000 and April 4, 2017 and a recorded constituent concentration were included in the evaluation.
- Each water quality sample record was assigned to a groundwater basin as defined in *Bulletin 118 – Interim Update 2016* using the well location data associated with each sample record in the GeoTracker GAMA database.
- Constituent concentrations were compared to MCLs, secondary MCLs, and Public Health Goals as defined in the California Code of Regulations Title 22 Division 4 Chapter 15. Records with instances of constituent concentrations that exceeded water quality criteria were retained for further evaluation.

Data were evaluated for both the magnitude of documented groundwater contamination and prevalence of impact to public drinking water and assigned points as described in sub-components 7.d.1 and 7.d.2, below. The next step in the analysis was to determine whether the basin had one or more of the documented impacts identified in component 7 (i.e. subsidence, declining groundwater levels, and saline intrusion), which are relevant because of the potential to exacerbate water quality degradation in the basin. The purpose of this analysis was to only include water quality impacts that are redressable through sustainable groundwater management practices.

Sub-component 7.d.1: Evaluating the Magnitude of Documented Groundwater Contamination

To compare the magnitude of groundwater contamination across multiple constituents with varying MCL values, the relative MCL exceedance was calculated for each sample record that exceeded the MCL value.

Step 1 – Calculate Relative MCL Exceedance for Each Constituent: The relative MCL exceedance was calculated by dividing the measured constituent concentration by the regulatory MCL value. For example, a data value that exceeded the regulatory MCL value by twice the limit would have a relative MCL exceedance of two.

Step 2 – Calculate Average Relative MCL Exceedance for Each Basin: For each basin, relative MCL exceedances for all constituents were averaged to generate an average relative MCL exceedance for the entire basin.

Table 8 lists the points and associated ranges of average relative MCL exceedance values for sub-component 7.d.1.

Table 8 Sub-component 7.d.1: Points and Ranges for Documented Impacts – Water Quality Degradation – Average Relative MCL Exceedance

Points	Average Relative MCL Exceedance X = Average Exceedance
0	$x \leq 1$
1	$1 < x < 2$
2	$2 \leq x < 3$
3	$3 \leq x < 4$
4	$4 \leq x < 6$
5	$x \geq 6$

Sub-component 7.d.2: Evaluating the Prevalence of Documented Groundwater Contamination

The prevalence of contamination in groundwater used as public drinking water in each basin was evaluated by dividing the number of unique wells with MCL exceedances within each basin by the number of public water supply wells in the basin (component 3). Because the selected water quality data set spanned the years 2000 to 2017, the actual number of public water supply wells in a basin would likely have varied as new wells went into service and other wells went offline, but this is common to all basins and not expected to skew the results. The number of public water supply wells calculated for component 3 was determined to most accurately represent the number of public water supply wells for the purposes of this evaluation.

An exception to this method was made if the water quality data indicated an MCL was exceeded, but no active public water supply wells were indicated from the component 3 assessment. In these cases, it was assumed that one public water supply well was present, or had been reactivated, in the basin, and the calculation of groundwater quality contamination proceeded as previously described.

The calculated value for the basin was then assigned points. Table 9 lists the points and associated ranges of values for sub-component 7.d.2.

Table 9 Sub-component 7.d.2: Points and Ranges for Documented Impacts – Water Quality Degradation – Prevalence of Groundwater Contamination

Points	Prevalence of Groundwater Contamination X = Value
0	$x = 0$
1	$0 < x < 0.5$
2	$0.5 \leq x < 0.75$
3	$0.75 \leq x < 1$
4	$x = 1$
5	$x > 1$

Sub-component 7.d: Calculating Total Points for Documented Water Quality Degradation

To obtain the points for documented water quality degradation, the points for average relative MCL exceedance (7.d.1) and points for prevalence of groundwater contamination (7.d.2) were combined; the total was then assigned points. Table 10 lists the points and associated range of water quality degradation values.

Table 10 Sub-component 7.d: Points and Ranges for Documented Impacts – Water Quality Degradation

Points	Documented Impacts – Water Quality Degradation X = Water Quality Points
0	$x < 3$
1	$3 \leq x < 6$
2	$6 \leq x < 8$
3	$x \geq 8$

Calculating the Total Priority Points for Documented Impacts

After each of the four types of documented impacts were assigned a value, the cumulative total of points was calculated. Based on the cumulative total of points assigned for all categories of documented impacts, the basin was assigned priority points as indicated in Table 11.

Table 11 Component 7: Priority Points and Ranges for Documented Impacts – Cumulative Total

Priority Points	Cumulative Total – Documented Impacts
0	$x \leq 3$
1	$3 < x < 7$
2	$7 \leq x < 11$
3	$11 \leq x < 15$
4	$15 \leq x < 19$
5	$x \geq 19$

Component 8: Any other information determined to be relevant by the department, including adverse impacts on local habitat and local streamflows¹⁶

Sub-component 8.a: Adverse Impacts on Local Habitat and Local Streamflows

Adverse impacts on local habitat and local streamflows were not evaluated or required to be evaluated for the CASGEM 2014 Basin Prioritization. The SGMA 2019 Basin Prioritization used the methods and sources described below.

¹⁶ Water Code Section 10933(b)(8)

Data Source

- Natural Communities Commonly Associated with Groundwater (Natural Communities) Dataset
- USGS National Hydrography Dataset (NHD)
- Basin Prioritization 2018 Volume of Groundwater Use (sub-component 6.a)
- Basin Prioritization 2018 Documented Impacts (sub-component 7.a)

Adverse impacts on local habitat and local streamflows were identified by the legislature as an example of information relevant to basin prioritization.¹⁷ Impacts to habitat and streamflow are significant factors in the prioritization of basins for the purposes of sustainable groundwater management because such impacts could indicate the depletion of interconnected surface waters, which has significant and unreasonable adverse impacts on beneficial uses of the surface water.¹⁸ In the case of adverse impacts on local habitat and local streamflows, DWR determined that there was not sufficient consistent, reliable, statewide information available for the initial SGMA 2015 Basin Prioritization. After the initial SGMA 2015 Basin Prioritization, DWR developed a statewide Natural Communities dataset that assembled information on the location of seeps, springs, wetlands, rivers, vegetation alliances, and habitat from multiple data sources. Utilizing that dataset, DWR determined sufficient data are available to include impacts to local habitat and local streamflows as a prioritization sub-component.

The following process was used to determine if there is a possibility of adverse impacts on local habitat and local streamflow occurring within the basin.

Process

For the SGMA 2019 Basin Prioritization, DWR evaluated if habitat or streams exist in the basin. To do so, DWR used the Natural Communities and NHD datasets (California Department of Water Resources 2018b; United States Geological Survey 2016) to determine if one or more habitats commonly associated with groundwater or perennial or permanent streams exist within a groundwater basin. Habitat and streams were identified within the basins using the following method:

Method	Points
After consulting the Natural Communities dataset, are there one or more polygons representing vegetation, wetland, seep, or spring habitat in the basin?	No = 0 points Yes = 1 Habitat point
After consulting the NHD dataset, was it determined that one or more perennial or permanent streams are located within or adjacent to the basin?	No = 0 points Yes = 1 Streamflow point

If there was no habitat or streamflow identified in the basin, then zero priority points were assigned to subcomponent 8.a.

¹⁷ Water Code Section 10933(b)(8)

¹⁸ Water Code Section 10721(x)(6)

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Part B: Determining if Potential Adverse Impacts on Habitat and Streamflow are Occurring in the Basin

The habitat and/or streamflow point(s) were not applied to basin prioritization until it was determined that one or more of the habitats and/or streams were potentially being adversely impacted. No statewide measure of adverse impacts to habitat or streamflow exists that would allow DWR to rank the severity of those impacts. Potential adverse impacts to habitat and streamflow resulting from groundwater activities were determined by evaluating the amount of groundwater pumping and groundwater level monitoring occurring in each basin.

- **Groundwater Monitoring Occurs in the Basin:** If the basin's groundwater use (acre-feet/acre) (sub-component 6.a) exceeded 0.16 acre-feet/acre and groundwater level monitoring indicated that groundwater levels were declining (sub-component 7.a), then the habitat and streamflow points assigned in Part A were applied to the basin's priority points.

Or

- **Groundwater Monitoring Does Not Occur in the Basin:** If the basin's groundwater use (acre-feet/acre) (sub-component 6.a) exceeded 0.16 acre-feet/acre and groundwater level monitoring was not being performed in the basin, the habitat and streamflow point(s) assigned in Part A were applied to the basin's priority points.

Part C: Documenting Adverse Habitat and Streamflow Impacts

If the results from Part B indicated that there were no potential adverse impacts to habitat or streamflow in the basin, but documentation indicated that habitat and/or streamflow were being adversely impacted by groundwater activities in the basin, the habitat and/or streamflow priority point(s) assigned in Part A were applied to the basin's priority points. Documentation reviewed included, but was not limited to, groundwater levels, hydrologic models, hydrologic studies, and court judgements.

Sub-component 8.b – Basin-level Evaluation of “other information determined to be relevant by the department”

The basin-level evaluation of “other information determined to be relevant by the department” as an element of the SGMA 2019 Basin Prioritization used the same analysis method and updated data relative to the CASGEM 2014 Basin Prioritization.

Each basin was reviewed based on the individual basin's hydrology, geology, land use, and challenges to determine if there are groundwater-related actual or potential impacts to unique features or actual or potential challenges for groundwater management within the basin. Basins with actual or potential impacts to unique features that could result in an unrecoverable loss, and basins facing groundwater management challenges that could be serious enough to impact the sustainability of the basin if the necessary groundwater management is not applied to the basin, were assigned three priority points. If these conditions did not apply, the basin was assigned zero priority points.

Sub-components 8.c and 8.d: Statewide-level Evaluation of “other information determined to be relevant by the department”

Sub-components 8.c and 8.d evaluations were applied uniformly to all basins during the prioritization process and included additional analysis of conditions that, if present, caused basin priority points to be adjusted, regardless of the accumulated priority points from components 1 through 8.b. The sections below (sub-components 8.c.1 through 8.d.2) describe the conditions analyzed prior to the prioritization. The purpose of this analysis was to evaluate other information that was determined to be relevant by DWR. Beginning with sub-component 8.c.1, the analyses were performed in the order listed in Table 12 until a condition was met. After the result was applied, the additional conditions analysis stopped, and the processing continued to section VI – Basin Priority below. Table 12 describes the basin to which the analysis was applied, the condition that was analyzed, and the resulting priority points.

Table 12 Sub-components 8.c and 8.d: Additional Conditions Analyzed Prior to Priority Determination

Sub-Component	Basin Applicability	Condition	If True, Result
8.c.1	All	Less than or equal to 2,000 acre-feet of groundwater use for water year 2014	Total Priority Points = 0
8.c.2	All	Greater than 2,000 and less than or equal to 9,500 acre-feet of groundwater use for water year 2014 with no documented impacts	Total Priority Points = 0
8.c.3	Basins with Adjudications	Basin's non-adjudicated portion extracts less than or equal to 9,500 acre-feet of groundwater for water year 2014	Total Priority Points = 0
8.d.1	Critically Overdrafted basins	Basin considered to be in Critical Overdraft per Bulletin 118 – Interim Update 2016	Total Priority Points = 40
8.d.2	All	Groundwater-related transfers (groundwater substitution transfers, out-of-basin groundwater transfers not part of adjudicated activities) are greater than 2,000 acre-feet in any given year since 2009	Add 2 Priority Points

The analyses above were performed in the order listed in Table 12 and only continued until they reached a condition where the result was true. When the true condition was reached, the remaining analysis steps listed in Table 12 were bypassed and the processing for the basin proceeded to Basin Priority with the adjusted priority points. The points accumulated during analysis of components 1 through 8.b were retained.

If a basin that did not meet a true condition for sub-components 8.c or 8.d listed in Table 12, the basin was prioritized based on the accumulated priority points from components 1 through 8.b.

Sub-component 8.c.1: Does the Basin or Subbasin Use Less Than or Equal to 2,000-acre feet of Groundwater?

Data Source

- Basin Prioritization 2018 Volume of Groundwater Use (sub-component 6.a)

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Process

The consideration of “Does the basin use less than or equal to 2,000-acre feet of groundwater?” as an element of the SGMA 2019 Basin Prioritization used the same method and updated data relative to the CASGEM 2014 Basin Prioritization.

Using an approach similar to the GAMA Program, DWR selected the groundwater volume portion of the groundwater reliance component data (sub-component 6.a) as the primary component for the initial review and screening in the groundwater basin prioritization process. DWR considers any basin that uses less than or equal to 2,000 acre-feet of groundwater per year to be low priority with respect to sustainable groundwater management. Total priority points were adjusted to zero for basins that pump less than or equal to 2,000 acre-feet of groundwater per year.

Sub-component 8.c.2: Does the Basin Use Greater Than 2,000-acre feet and Less Than or Equal to 9,500-acre feet AND Have No Documented Impacts (component 7 and 8)?

Data Source

- Basin Prioritization 2018 Volume of Groundwater Use (sub-component 6.a)
- Basin Prioritization 2018 Documented Impacts (component 7)
- Basin Prioritization 2018 Any other information determined to be relevant by the department, including adverse impacts on local habitat and local streamflows (sub-components 8.a and 8.b)

Process

The consideration of “Does the basin use greater than 2,000-acre feet and less than or equal to 9,500-acre feet and have no documented impacts?” in water year 2014 as an element of the SGMA 2019 Basin Prioritization used the same method and updated data relative to the CASGEM 2014 Basin Prioritization.

Step 1 – Check How Much Groundwater is Pumped: If the basin’s groundwater use volume (6.a) was greater than 2,000 and less than or equal to 9,500 acre-feet in water year 2014, the analysis proceeded to Step 2. Otherwise, sub-component 8.c.2 did not apply to the basin.

Step 2 – Check if Documented Impacts Exist: If the basin did not have any of the documented impacts listed below, the analysis proceeded to Step 3. Otherwise, sub-component 8.c.2 did not apply to the basin.

1. Documented impacts (component 7)
2. Documented adverse impacts to habitat and streamflow (sub-component 8.a, Part C)
3. Other basin-specific impacts or challenges (sub-component 8.b)

Step 3 – Assign Priority Points: If the basin met the criteria of Step 1 and Step 2, the basin’s priority points were adjusted to zero.

Sub-component 8.c.3: For Basins That Have Adjudicated Area Within the Basin, Does the Basin's Non-Adjudicated Portion Pump Less Than or Equal To 9,500-acre feet of Groundwater?

Data Source

- California Department of Water Resources 2018 Adjudicated Areas (shapefile)
- Basin Prioritization Groundwater Volume for non- adjudicated area or areas of basin, 2018 (Appendix 4)
- Basin Prioritization 2010 Population for non-adjudicated area or areas, 2018

With the exception of an annual reporting requirement, SGMA does not apply to the adjudicated areas identified in the Act. Because these adjudicated areas are not required to develop and adopt a GSP or Alternative, DWR determined that SGMA prioritization should evaluate those portions of the basin that are non-adjudicated. The non-adjudicated areas remain subject to SGMA, but DWR evaluated the non-adjudicated portion of the basin to determine the extent that these areas are independently significant based on the prioritization criteria developed for an entire basin, or to determine the potential to affect groundwater management in the entire basin, in accordance with the consideration of components 1 through 8 of Water Code Section 10933(b).

Process

The results of the SGMA 2019 Basin Prioritization were based on the analysis of the entire basin, including the adjudicated area. If the basin was determined to be medium or high priority under the SGMA 2019 Basin Prioritization, the full requirements of SGMA only applies to the non-adjudicated portion of the basin. Appendix 5 provides a complete listing of the 37 basins that are covered completely or partially by adjudicated areas.

The adjudication analysis was only performed on basins with adjudicated areas (Appendix 5) and was only applied to the portion or combined portions of the basin that are not covered by a groundwater adjudication. The following steps were applied when evaluating sub-component 8.c.3:

Step 1 – Create Shapefile: A shapefile was created to represent the non-adjudicated portion or portions of the basins listed in Appendix 5 by cutting out the portion(s) of the basin that are adjudicated.

Step 2 – Calculate Urban Groundwater Use: Using the shapefile from Step 1, the 2010 population in the non-adjudicated portion or portions was determined, and the urban water demands and ultimately the urban groundwater volume was processed, as calculated for sub-component 6.a.

Step 3 – Calculate Agricultural Groundwater Use: Using the shapefile from Step 1, the 2014 land use in the non-adjudicated portion or portions was determined and the agricultural water demand and groundwater volume were processed, as calculated for sub-component 6.a.

Step 4 – Calculate Total Groundwater Use: The urban (Step 2) and agricultural (Step 3) groundwater use amounts were combined to establish the total groundwater used in the non-adjudicated portion of the basin (see Appendix 4).

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Step 5 – Determine Priority Points: If the groundwater volume computed in Step 4 was less than or equal to 9,500-acre feet per year, the basin total priority points were adjusted to zero.

Sub-component 8.d.1: Is the Basin Considered to be in Critical Overdraft?

Data Source

- Bulletin 118 - Interim Update 2016, Table 2

Critically overdrafted basins were analyzed for the SGMA 2019 Basin Prioritization using updated methods and data relative to the CASGEM 2014 Basin Prioritization. Critical conditions of overdraft have been identified in 21 groundwater basins as described in *Bulletin 118 – Interim Update 2016*.¹⁹ A basin is subject to critical conditions of overdraft when continuation of current water management practices would probably result in significant adverse overdraft-related environmental, social, or economic impacts.²⁰ Additionally, chronic lowering of groundwater levels (indicating a significant and unreasonable depletion of supply if continued over the planning and implementation horizon) is an undesirable result.²¹ For these reasons, DWR has determined that critical overdraft of a basin is a relevant factor in the prioritization of basins for the purposes of achieving sustainable groundwater management.

The SGMA 2019 Basin Prioritization process flagged each of the 21 basins in critical overdraft, as determined in *Bulletin 118 – Interim Update 2016*, and adjusted the overall basin priority points for these basins by assigning the maximum total priority points of 40.

Sub-component 8.d.2: Does the Basin Participate in Groundwater-Related Transfers?

Data Source

- Bulletin 132 - Management of the California State Water Project

Groundwater-related transfers (groundwater substitution transfers and out-of-basin groundwater transfers) were not evaluated as part of the CASGEM 2014 Basin Prioritization. Groundwater-related transfers were deemed relevant to basin prioritization for the purposes of achieving sustainable groundwater management and were analyzed for the SGMA 2019 Basin Prioritization. Groundwater-related transfers, if unmanaged, could lead to impacts to groundwater levels and interconnected surface water, and subsidence, among others. Groundwater-related transfers were considered significant if they exceeded 2,000 acre-feet of groundwater-related transfers or exports from a basin in a single year, which was the threshold utilized in the CASGEM 2014 Basin Prioritization for a basin to be classified as very low priority.

¹⁹ Water Code Section 12924

²⁰ Bulletin 118 – Update 2003

²¹ Water Code Section 10721(x)(1)

The consideration of groundwater-related transfers (groundwater substitution transfers or out-of-basin groundwater transfers) included reviewing groundwater substitution records since 2009. Data from the most recent (10) years is consistent with the Water Budget requirements within the GSP regulation.²²

The two types of groundwater transfer are described as follows:

- *Groundwater substitution transfers* occur when surface water is made available for transfer by reducing surface water diversions and replacing that water with groundwater pumping. The rationale is that surface water demands are reduced because a like amount of groundwater is used to meet the demands. The resulting increase in available surface water supplies can be transferred to other users. DWR only considered those groundwater substitution transfers that are out-of-basin. The SGMA 2019 Basin Prioritization refers to these transfers as Type A.
- *Out-of-basin groundwater transfers* are transfers that pump percolating groundwater from a source basin and convey the pumped water to a location outside the source basin. DWR only considered groundwater transfers that are or would be under the decision-making authority of a GSA. Transfers pursuant to a groundwater adjudication were not considered. The SGMA 2019 Basin Prioritization refers to these transfers as Type B.

Groundwater-related transfers were evaluated by reviewing available data published annually from 2009 through 2015 in DWR *Bulletin 132: Management of the California State Water Project* (California Department of Water Resources 2009 through 2015). Additionally, SGMA watermaster annual reports, basin annual reports, and hydrologic studies were consulted to determine if groundwater-related transfers occurred.

Appendix 6 identifies the basins that participate in Type A or Type B groundwater transfers and volume of groundwater pumped in years with transfers.

Basins shown in Appendix 6 were evaluated using the following steps for sub-component 8.d.2:

Step 1 – Determine Maximum Groundwater Pumped: Using Appendix 6, the maximum groundwater volume pumped to meet the requirements of groundwater substitution transfers or groundwater exports out of basin in any year since 2009 was determined.

Step 2 – Check Groundwater Pumped: If the groundwater pumped was greater than 2,000 acre-feet, the analysis proceeded to Step 3. Otherwise, sub-component 8.d.2 did not apply to the basin.

Step 3 – Assign Priority Points: The basin was assigned two priority points for sub-component 8.d.2.

Step 4 – Adjust Sub-Component 6.a: Volume of groundwater pumped in 2014 for groundwater substitution transfers or out-of-basin groundwater transfers was added to the overall groundwater (“other” groundwater) in sub-component 6a. For groundwater substitution transfers, the equal volume was subtracted from the overall surface water (“other” surface water).

²² California Code of Regulations 354.18

VI. Basin Priority

All basins were processed for all eight components. Prior to determining the basins' priority, adjustments were made, as described above (see sub-components 8c and 8d), that would automatically result in a very low or high priority determination. In cases where basins were automatically assigned very low or high priority, the calculation of priority points was completed and retained.

The basin priority determination for each basin as an element of the SGMA 2019 Basin Prioritization used the same data and an updated method relative to the CASGEM 2014 Basin Prioritization. For the CASGEM 2014 Basin Prioritization, the threshold value between low and medium priority was set at 13.42 and was based on a maximum of 40 points. For the SGMA 2019 Basin Prioritization, DWR adjusted the threshold value to account for the two additional points added for the adverse impacts on local habitat and local streamflow (sub-component 8.a). The approach was a simple ratio calculation that increased the medium priority threshold value to 14.1.

The total possible points for the SGMA 2019 Basin Prioritization range from zero to 42 in increments of 0.5 points. The new priority threshold value for medium priority was set to greater than 14. The other threshold values were evenly distributed from the 14-point value in multiples of 7. The basin priority ranks were determined using the value ranges listed in Table 13, including basins that had their total priority points adjusted to zero (very low) or 42 (high).

Table 13 SGMA 2019 Basin Prioritization Priority Based on Total Priority Points

Priority	Total Priority Point Ranges X = Cumulative Priority Points
Very Low	$0 \leq x \leq 7$
Low	$7 < x \leq 14$
Medium	$14 < x \leq 21$
High	$21 < x \leq 42$

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Appendix 1 – Summary of SGMA 2019 Basin Prioritization Results

Phase 1, Final January 2019: 458 basins (Figure A-1 and Table A-1)

- High priority - 25 basins
- Medium priority - 31 basins
- Low priority – 9 basins
- Very Low priority – 393 basins

Phase 2, Draft April 2019: 57 basins (Figure A-2 and Table A-2)

- High priority - 22 basins
- Medium priority - 16 basins
- Low priority – 2 basins
- Very Low priority – 17 basins

Basins newly identified as high- or medium-priority in the SGMA 2019 Basin Prioritization are required to form a GSA within two years from the date the basin's priority is finalized and are required to submit a GSP five years from the same finalization date.

DWR created a web application that spatially and graphically presents the SGMA 2019 Basin Prioritization data and results for each basin. This application can be accessed at <https://gis.water.ca.gov/app/bp2018-dashboard>. Additional information related to SGMA 2019 Basin Prioritization can be accessed at: <https://www.water.ca.gov/Programs/Groundwater-Management/Basin-Prioritization>.

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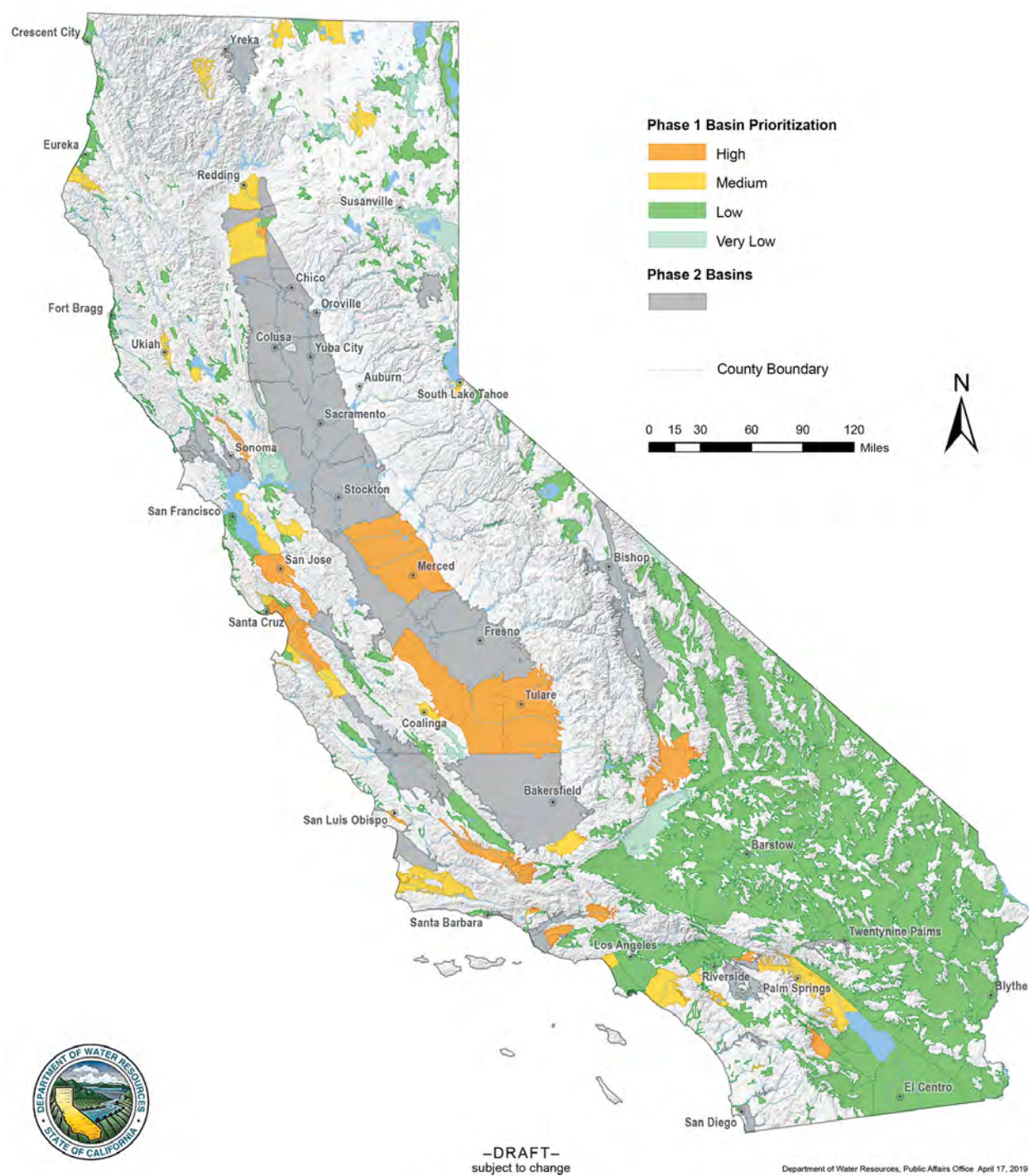
Figure A-1 Statewide Map of SGMA 2019 Basin Prioritization Results, Phase 1 Final

Table A-1 Statewide SGMA 2019 Basin Prioritization Results, Phase 1 Final

SGMA 2019 Basin Prioritization Phase 2 basins and their draft results will be listed in Table A-2.

Basin Number	Basin/Subbasin Name	Area (Acres)	Area (Square Miles)	Priority
1-001	Smith River Plain	40,434.5	63.2	Very Low
1-002.01	Tulelake	110,521.4	172.7	Medium
1-002.02	Lower Klamath	75,330.3	117.7	Very Low
1-003	Butte Valley	79,739.0	124.6	Medium
1-004	Shasta Valley			See Table A-2
1-005	Scott River Valley	63,831.4	99.7	Medium
1-006	Hayfork Valley	3,297.5	5.2	Very Low
1-007	Hoopa Valley	3,897.2	6.1	Very Low
1-008.01	Mad River Lowland	24,663.2	38.5	Very Low
1-008.02	Dows Prairie School Area	15,416.1	24.1	Very Low
1-009	Eureka Plain	38,795.4	60.6	Very Low
1-010	Eel River Valley	72,956.7	114.0	Medium
1-011	Covelo Round Valley	16,408.9	25.6	Very Low
1-012	Laytonville Valley	5,023.7	7.8	Very Low
1-013	Little Lake Valley	10,025.5	15.7	Very Low
1-014	Lower Klamath River Valley	7,022.1	11.0	Very Low
1-015	Happy Camp Town Area	2,773.3	4.3	Very Low
1-016	Seiad Valley	2,245.1	3.5	Very Low
1-017	Bray Town Area	8,032.4	12.6	Very Low
1-018	Red Rock Valley	9,000.7	14.1	Low
1-019	Anderson Valley	4,972.8	7.8	Very Low
1-020	Garcia River Valley	2,199.5	3.4	Very Low
1-021	Fort Bragg Terrace Area	23,897.8	37.3	Very Low
1-022	Fairchild Swamp Valley	3,277.9	5.1	Very Low
1-025	Prairie Creek Area	20,848.8	32.6	Very Low
1-026	Redwood Creek Area	2,009.4	3.1	Very Low
1-027	Big Lagoon Area	13,217.0	20.7	Very Low
1-028	Mattole River Valley	3,160.0	4.9	Very Low
1-029	Honeydew Town Area	2,369.9	3.7	Very Low
1-030	Pepperwood Town Area	6,292.0	9.8	Very Low
1-031	Weott Town Area	3,655.2	5.7	Very Low
1-032	Garberville Town Area	2,113.2	3.3	Very Low
1-033	Larabee Valley	967.2	1.5	Very Low
1-034	Dinsmores Town Area	2,277.9	3.6	Very Low
1-035	Hyampom Valley	1,354.8	2.1	Very Low
1-036	Hettenshaw Valley	847.0	1.3	Very Low
1-037	Cottoneva Creek Valley	762.1	1.2	Very Low
1-038	Lower Laytonville Valley	2,153.1	3.4	Very Low

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Basin Number	Basin/Subbasin Name	Area (Acres)	Area (Square Miles)	Priority
1-039	Branscomb Town Area	1,382.1	2.2	Very Low
1-040	Ten Mile River Valley	1,491.3	2.3	Very Low
1-041	Little Valley	812.5	1.3	Very Low
1-042	Sherwood Valley	1,150.7	1.8	Very Low
1-043	Williams Valley	1,643.4	2.6	Very Low
1-044	Eden Valley	1,377.5	2.2	Very Low
1-045	Big River Valley	1,685.9	2.6	Very Low
1-046	Navarro River Valley	768.5	1.2	Very Low
1-048	Gravelly Valley	2,976.3	4.7	Very Low
1-049	Annapolis Ohlson Ranch Fm Highlands	8,653.0	13.5	Very Low
1-050	Knights Valley	4,089.5	6.4	Very Low
1-051	Potter Valley	8,243.0	12.9	Very Low
1-052	Ukiah Valley	37,537.4	58.7	Medium
1-053	Sanel Valley	5,572.4	8.7	Very Low
1-054.01	Alexander Area	24,484.4	38.3	Very Low
1-054.02	Cloverdale Area	6,530.1	10.2	Very Low
1-055.01	Santa Rosa Plain			See Table A-2
1-055.02	Healdsburg Area	15,412.7	24.1	Very Low
1-055.03	Rincon Valley	5,553.2	8.7	Very Low
1-056	Mcdowell Valley	1,487.6	2.3	Very Low
1-057	Bodega Bay Area	2,668.7	4.2	Very Low
1-059	Wilson Grove Formation Highlands			See Table A-2
1-060	Lower Russian River Valley	6,645.0	10.4	Very Low
1-061	Fort Ross Terrace Deposits	8,360.9	13.1	Very Low
1-062	Wilson Point Area	710.0	1.1	Very Low
2-001	Petaluma Valley			See Table A-2
2-002.01	Napa Valley	45,928.2	71.8	High
2-002.02	Sonoma Valley			See Table A-2
2-002.03	Napa-Sonoma Lowlands			See Table A-2
2-003	Suisun-Fairfield Valley	133,586.2	208.7	Low
2-004	Pittsburg Plain	11,613.3	18.1	Very Low
2-005	Clayton Valley	17,846.6	27.9	Very Low
2-006	Ygnacio Valley	15,469.0	24.2	Very Low
2-007	San Ramon Valley	7,057.4	11.0	Very Low
2-008	Castro Valley	1,821.7	2.8	Very Low
2-009.01	Niles Cone	65,214.5	101.9	Medium
2-009.02	Santa Clara	189,581.0	296.2	High
2-009.03	San Mateo Plain	37,865.0	59.2	Very Low
2-009.04	East Bay Plain	71,315.1	111.4	Medium
2-010	Livermore Valley	69,567.1	108.7	Medium
2-011	Sunol Valley	16,632.0	26.0	Very Low

Basin Number	Basin/Subbasin Name	Area (Acres)	Area (Square Miles)	Priority
2-019	Kenwood Valley	5,139.0	8.0	Very Low
2-022	Half Moon Bay Terrace	9,155.9	14.3	Very Low
2-024	San Gregorio Valley	1,074.9	1.7	Very Low
2-026	Pescadero Valley	2,912.4	4.6	Very Low
2-027	Sand Point Area			See Table A-2
2-028	Ross Valley	1,764.7	2.8	Very Low
2-029	San Rafael Valley	874.8	1.4	Very Low
2-030	Novato Valley	20,535.1	32.1	Low
2-031	Arroyo Del Hambre Valley	786.3	1.2	Very Low
2-032	Visitation Valley	5,831.1	9.1	Very Low
2-033	Islais Valley	5,941.3	9.3	Very Low
2-035	Westside	25,392.4	39.7	Very Low
2-036	San Pedro Valley	710.4	1.1	Very Low
2-037	South San Francisco	2,176.5	3.4	Very Low
2-038	Lobos	2,360.8	3.7	Very Low
2-039	Marina	2,187.7	3.4	Very Low
2-040	Downtown	7,640.1	11.9	Very Low
3-001	Santa Cruz Mid-County	36,289.7	56.7	High
3-002.01	Pajaro Valley	75,055.1	117.3	High
3-002.02	Purisima Highlands	12,932.0	20.2	Very Low
3-003.01	Llagas Area	47,370.9	74.0	High
3-003.02	Bolsa Area			See Table A-2
3-003.03	Hollister Area			See Table A-2
3-003.04	San Juan Bautista Area			See Table A-2
3-004.01	180/400 Foot Aquifer	89,706.3	140.2	High
3-004.02	East Side Aquifer	57,474.3	89.8	High
3-004.04	Forebay Aquifer	94,052.2	147.0	High
3-004.05	Upper Valley Aquifer			See Table A-2
3-004.06	Paso Robles Area			See Table A-2
3-004.08	Seaside Area	14,488.7	22.6	Very Low
3-004.09	Langley Area	17,618.5	27.5	High
3-004.10	Corral De Tierra Area	30,854.9	48.2	Medium
3-004.11	Atascadero Area	19,734.9	30.8	Very Low
3-005	Cholame Valley	39,824.6	62.2	Very Low
3-006	Lockwood Valley	59,941.0	93.7	Very Low
3-007	Carmel Valley	4,321.7	6.8	Medium
3-008	Los Osos Valley			See Table A-2
3-009	San Luis Obispo Valley	12,720.6	19.9	High
3-012	Santa Maria			See Table A-2
3-013	Cuyama Valley	241,729.9	377.7	High
3-014	San Antonio Creek Valley	67,437.4	105.4	Medium

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Basin Number	Basin/Subbasin Name	Area (Acres)	Area (Square Miles)	Priority
3-015	Santa Ynez River Valley	203,050.6	317.3	Medium
3-016	Goleta	9,217.1	14.4	Very Low
3-017	Santa Barbara	6,183.1	9.7	Very Low
3-018	Carpinteria			See Table A-2
3-019	Carrizo Plain	210,627.5	329.1	Very Low
3-020	Ano Nuevo Area	1,995.2	3.1	Very Low
3-022	Santa Ana Valley	2,724.3	4.3	Very Low
3-023	Upper Santa Ana Valley	1,430.9	2.2	Very Low
3-024	Quien Sabe Valley	4,707.0	7.4	Very Low
3-025	Tres Pinos Valley			See Table A-2
3-026	West Santa Cruz Terrace	7,306.4	11.4	Very Low
3-027	Santa Margarita	22,249.0	34.8	Medium
3-028	San Benito River Valley	24,227.0	37.9	Very Low
3-029	Dry Lake Valley	1,416.3	2.2	Very Low
3-030	Bitter Water Valley	32,224.8	50.4	Very Low
3-031	Hernandez Valley	2,864.5	4.5	Very Low
3-032	Peach Tree Valley	9,790.0	15.3	Very Low
3-033	San Carpoforo Valley	1,042.6	1.6	Very Low
3-034	Arroyo De La Cruz Valley	1,015.9	1.6	Very Low
3-035	San Simeon Valley	547.0	0.9	Very Low
3-036	Santa Rosa Valley	3,507.5	5.5	Very Low
3-037	Villa Valley	1,355.9	2.1	Very Low
3-038	Cayucos Valley	333.5	0.5	Very Low
3-039	Old Valley	1,178.4	1.8	Very Low
3-040	Toro Valley	720.0	1.1	Very Low
3-041	Morro Valley	644.1	1.0	Very Low
3-042	Chorro Valley	1,549.6	2.4	Very Low
3-043	Rinconada Valley	2,577.8	4.0	Very Low
3-044	Pozo Valley	6,848.6	10.7	Very Low
3-045	Huasna Valley	4,703.0	7.3	Very Low
3-046	Rafael Valley	2,993.2	4.7	Very Low
3-047	Big Spring Area	7,324.1	11.4	Very Low
3-049	Montecito			See Table A-2
3-051	Majors Creek	478.7	0.7	Very Low
3-052	Needle Rock Point	839.9	1.3	Very Low
3-053	Foothill	3,282.3	5.1	Very Low
4-001	Upper Ojai Valley	3,806.3	5.9	Very Low
4-002	Ojai Valley	5,913.4	9.2	High
4-003.01	Upper Ventura River	5,278.1	8.2	Medium
4-003.02	Lower Ventura River	5,262.1	8.2	Very Low
4-004.02	Oxnard			See Table A-2

Basin Number	Basin/Subbasin Name	Area (Acres)	Area (Square Miles)	Priority
4-004.03	Mound			See Table A-2
4-004.04	Santa Paula			See Table A-2
4-004.05	Fillmore			See Table A-2
4-004.06	Piru			See Table A-2
4-004.07	Santa Clara River Valley East	67,687.6	105.8	High
4-005	Acton Valley	8,268.4	12.9	Very Low
4-006	Pleasant Valley	19,840.0	31.0	High
4-007	Arroyo Santa Rosa Valley			See Table A-2
4-008	Las Posas Valley	44,622.0	69.7	High
4-009	Simi Valley	12,155.2	19.0	Very Low
4-010	Conejo	18,796.0	29.4	Very Low
4-011.01	Santa Monica	31,779.2	49.7	Medium
4-011.02	Hollywood	10,070.2	15.7	Very Low
4-011.03	West Coast	92,996.7	145.3	Very Low
4-011.04	Central	177,770.3	277.8	Very Low
4-012	San Fernando Valley	144,837.1	226.3	Very Low
4-013	San Gabriel Valley	126,379.0	197.5	Very Low
4-015	Tierra Rejada	4,597.8	7.2	Very Low
4-016	Hidden Valley	2,210.7	3.5	Very Low
4-017	Lockwood Valley	21,789.5	34.0	Very Low
4-018	Hungry Valley	5,309.2	8.3	Very Low
4-019	Thousand Oaks Area	3,106.0	4.9	Very Low
4-020	Russell Valley	3,078.3	4.8	Very Low
4-022	Malibu Valley	610.8	1.0	Very Low
4-023	Raymond	26,048.8	40.7	Very Low
5-001.01	Goose Valley	35,954.4	56.2	Very Low
5-001.02	Fandango Valley	18,443.0	28.8	Very Low
5-002.01	South Fork Pitt River	114,136.7	178.3	Low
5-002.02	Warm Springs Valley	68,007.9	106.3	Very Low
5-003	Jess Valley	6,705.4	10.5	Very Low
5-004	Big Valley	92,067.1	143.9	Medium
5-005	Fall River Valley	54,824.6	85.7	Low
5-006.01	Bowman			See Table A-2
5-006.02	Rosewood			See Table A-2
5-006.03	Anderson	98,704.6	154.2	Medium
5-006.04	Enterprise	61,288.3	95.8	Medium
5-006.05	Millville			See Table A-2
5-006.06	South Battle Creek			See Table A-2
5-007	Lake Almanor Valley	7,154.1	11.2	Very Low
5-008	Mountain Meadows Valley	8,145.9	12.7	Very Low
5-009	Indian Valley	29,413.2	46.0	Very Low

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Basin Number	Basin/Subbasin Name	Area (Acres)	Area (Square Miles)	Priority
5-010	American Valley	6,799.3	10.6	Very Low
5-011	Mohawk Valley	18,983.1	29.7	Very Low
5-012.01	Sierra Valley			See Table A-2
5-012.02	Chilcoot	7,545.7	11.8	Very Low
5-013	Upper Lake Valley	7,265.9	11.4	Very Low
5-014	Scotts Valley	7,326.1	11.4	Very Low
5-015	Big Valley	24,231.3	37.9	Medium
5-016	High Valley	2,357.9	3.7	Very Low
5-017	Burns Valley	2,875.1	4.5	Very Low
5-018	Coyote Valley	6,533.2	10.2	Very Low
5-019	Collayomi Valley	6,501.6	10.2	Very Low
5-020	Berryessa Valley	1,376.1	2.2	Very Low
5-021.50	Red Bluff	271,793.9	424.7	Medium
5-021.51	Corning			See Table A-2
5-021.52	Colusa			See Table A-2
5-021.53	Bend	22,676.4	35.4	Very Low
5-021.54	Antelope	19,090.8	29.8	High
5-021.55	Dye Creek			See Table A-2
5-021.56	Los Molinos			See Table A-2
5-021.57	Vina			See Table A-2
5-021.58	West Butte			See Table A-2
5-021.59	East Butte			See Table A-2
5-021.60	North Yuba			See Table A-2
5-021.61	South Yuba			See Table A-2
5-021.62	Sutter			See Table A-2
5-021.64	North American			See Table A-2
5-021.65	South American			See Table A-2
5-021.66	Solano			See Table A-2
5-021.67	Yolo			See Table A-2
5-021.69	Wyandotte Creek			See Table A-2
5-022.01	Eastern San Joaquin			See Table A-2
5-022.02	Modesto	245,252.7	383.2	High
5-022.03	Turlock	348,187.1	544.0	High
5-022.04	Merced	512,959.1	801.5	High
5-022.05	Chowchilla			See Table A-2
5-022.06	Madera			See Table A-2
5-022.07	Delta-Mendota			See Table A-2
5-022.08	Kings			See Table A-2
5-022.09	Westside	621,823.2	971.6	High
5-022.10	Pleasant Valley	48,195.6	75.3	Medium
5-022.11	Kaweah	441,003.9	689.1	High

Basin Number	Basin/Subbasin Name	Area (Acres)	Area (Square Miles)	Priority
5-022.12	Tulare Lake	535,869.1	837.3	High
5-022.13	Tule	477,646.4	746.3	High
5-022.14	Kern County			See Table A-2
5-022.15	Tracy			See Table A-2
5-022.16	Cosumnes			See Table A-2
5-022.17	Kettleman Plain	63,754.6	99.6	Low
5-022.18	White Wolf	107,546.3	168.0	Medium
5-023	Panoche Valley	33,086.6	51.7	Very Low
5-025	Kern River Valley	79,388.9	124.0	Very Low
5-026	Walker Basin Creek Valley	7,667.6	12.0	Very Low
5-027	Cummings Valley	10,019.3	15.7	Very Low
5-028	Tehachapi Valley West	14,803.1	23.1	Very Low
5-029	Castac Lake Valley	3,563.6	5.6	Very Low
5-030	Lower Lake Valley	2,405.8	3.8	Very Low
5-031	Long Valley	2,801.5	4.4	Very Low
5-035	Mccloud Area	21,334.5	33.3	Very Low
5-036	Round Valley	7,266.3	11.4	Very Low
5-037	Toad Well Area	3,357.5	5.2	Very Low
5-038	Pondosa Town Area	2,082.9	3.3	Very Low
5-040	Hot Springs Valley	2,405.1	3.8	Very Low
5-041	Egg Lake Valley	4,102.3	6.4	Very Low
5-043	Rock Prairie Valley	5,739.1	9.0	Very Low
5-044	Long Valley	1,087.0	1.7	Very Low
5-045	Cayton Valley	1,306.7	2.0	Very Low
5-046	Lake Britton Area	14,061.2	22.0	Very Low
5-047	Goose Valley	4,210.4	6.6	Very Low
5-048	Burney Creek Valley	2,352.9	3.7	Very Low
5-049	Dry Burney Creek Valley	3,076.0	4.8	Very Low
5-050	North Fork Battle Creek	12,761.9	19.9	Very Low
5-051	Butte Creek Valley	3,227.6	5.0	Very Low
5-052	Grays Valley	5,440.8	8.5	Very Low
5-053	Dixie Valley	4,867.0	7.6	Very Low
5-054	Ash Valley	6,007.1	9.4	Very Low
5-056	Yellow Creek Valley	2,311.7	3.6	Very Low
5-057	Last Chance Creek Valley	4,657.1	7.3	Very Low
5-058	Clover Valley	16,778.0	26.2	Very Low
5-059	Grizzly Valley	13,438.0	21.0	Very Low
5-060	Humbug Valley	9,976.2	15.6	Very Low
5-061	Chrome Town Area	1,409.2	2.2	Very Low
5-062	Elk Creek Area	1,439.4	2.2	Very Low
5-063	Stonyford Town Area	6,441.6	10.1	Very Low

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Basin Number	Basin/Subbasin Name	Area (Acres)	Area (Square Miles)	Priority
5-064	Bear Valley	9,110.8	14.2	Very Low
5-065	Little Indian Valley	1,269.5	2.0	Very Low
5-066	Clear Lake Cache Formation	29,740.4	46.5	Very Low
5-068	Pope Valley	7,182.5	11.2	Very Low
5-069	Yosemite Valley	7,454.9	11.6	Very Low
5-070	Los Banos Creek Valley	4,835.4	7.6	Very Low
5-071	Vallecitos Creek Valley	15,107.4	23.6	Very Low
5-080	Brite Valley	3,170.2	5.0	Very Low
5-082	Cuddy Canyon Valley	3,299.3	5.2	Very Low
5-083	Cuddy Ranch Area	4,202.6	6.6	Very Low
5-084	Cuddy Valley	3,465.3	5.4	Very Low
5-085	Mil Potrero Area	2,308.9	3.6	Very Low
5-086	Joseph Creek	4,456.4	7.0	Very Low
5-087	Middle Fork Feather River	4,341.3	6.8	Very Low
5-088	Stony Gorge Reservoir	1,065.6	1.7	Very Low
5-089	Squaw Flat	1,294.4	2.0	Very Low
5-090	Funks Creek	3,014.1	4.7	Very Low
5-091	Antelope Creek	2,040.9	3.2	Very Low
5-092	Blanchard Valley	2,222.9	3.5	Very Low
5-094	Middle Creek	705.2	1.1	Very Low
5-095	Meadow Valley	5,734.9	9.0	Very Low
6-001	Surprise Valley	228,661.5	357.3	Very Low
6-002	Madeline Plains	156,097.3	243.9	Very Low
6-003	Willow Creek Valley	11,695.9	18.3	Very Low
6-004	Honey Lake Valley	311,716.0	487.1	Low
6-005.01	Tahoe South	14,800.3	23.1	Medium
6-005.02	Tahoe West	6,168.4	9.6	Very Low
6-005.03	Tahoe North	1,929.7	3.0	Very Low
6-006	Carson Valley	10,721.5	16.8	Very Low
6-007	Antelope Valley	20,078.1	31.4	Very Low
6-008	Bridgeport Valley	32,485.6	50.8	Very Low
6-009	Mono Valley	172,843.2	270.1	Very Low
6-010	Adobe Lake Valley	39,866.2	62.3	Very Low
6-011	Long Valley	71,843.8	112.3	Very Low
6-012.01	Owens Valley			See Table A-2
6-012.02	Fish Slough	3,221.6	5.0	Very Low
6-013	Black Springs Valley	30,766.9	48.1	Very Low
6-014	Fish Lake Valley	48,003.9	75.0	Low
6-015	Deep Springs Valley	29,930.4	46.8	Very Low
6-016	Eureka Valley	128,759.7	201.2	Very Low
6-017	Saline Valley	146,182.8	228.4	Very Low

Basin Number	Basin/Subbasin Name	Area (Acres)	Area (Square Miles)	Priority
6-018	Death Valley	920,379.9	1,438.1	Very Low
6-019	Wingate Valley	71,285.4	111.4	Very Low
6-020	Middle Amargosa Valley	389,763.4	609.0	Very Low
6-021	Lower Kingston Valley	239,740.3	374.6	Very Low
6-022	Upper Kingston Valley	176,749.2	276.2	Very Low
6-023	Riggs Valley	87,515.1	136.7	Very Low
6-024	Red Pass Valley	96,315.4	150.5	Very Low
6-025	Bicycle Valley	89,458.5	139.8	Very Low
6-026	Avawatz Valley	27,612.1	43.1	Very Low
6-027	Leach Valley	61,175.5	95.6	Very Low
6-028	Pahrump Valley	92,926.7	145.2	Very Low
6-029	Mesquite Valley	88,157.1	137.7	Very Low
6-030	Ivanpah Valley	198,129.1	309.6	Very Low
6-031	Kelso Valley	254,686.6	397.9	Very Low
6-032	Broadwell Valley	91,878.2	143.6	Very Low
6-033	Soda Lake Valley	380,056.3	593.8	Very Low
6-034	Silver Lake Valley	35,202.1	55.0	Very Low
6-035	Cronise Valley	126,299.9	197.3	Very Low
6-036.01	Langford Well Lake	19,312.1	30.2	Very Low
6-036.02	Irwin	10,480.3	16.4	Very Low
6-037	Coyote Lake Valley	88,101.8	137.7	Very Low
6-038	Caves Canyon Valley	72,962.3	114.0	Very Low
6-040	Lower Mojave River Valley	285,485.5	446.1	Very Low
6-041	Middle Mojave River Valley	211,320.7	330.2	Very Low
6-042	Upper Mojave River Valley	412,841.0	645.1	Very Low
6-043	El Mirage Valley	75,896.1	118.6	Very Low
6-044	Antelope Valley	1,010,268.8	1,578.5	Very Low
6-045	Tehachapi Valley East	23,967.3	37.4	Very Low
6-046	Fremont Valley	335,234.1	523.8	Low
6-047	Harper Valley	409,501.8	639.8	Very Low
6-048	Goldstone Valley	28,090.5	43.9	Very Low
6-049	Superior Valley	120,319.7	188.0	Very Low
6-050	Cuddeback Valley	94,901.9	148.3	Very Low
6-051	Pilot Knob Valley	138,605.1	216.6	Very Low
6-052	Searles Valley	197,011.4	307.8	Very Low
6-053	Salt Wells Valley	29,473.9	46.1	Very Low
6-054	Indian Wells Valley	381,708.6	596.4	High
6-055	Coso Valley	25,561.6	39.9	Very Low
6-056	Rose Valley	42,524.8	66.4	Very Low
6-057	Darwin Valley	44,160.9	69.0	Very Low
6-058	Panamint Valley	259,290.7	405.1	Very Low

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Basin Number	Basin/Subbasin Name	Area (Acres)	Area (Square Miles)	Priority
6-061	Cameo Area	9,303.4	14.5	Very Low
6-062	Race Track Valley	14,113.3	22.1	Very Low
6-063	Hidden Valley	17,943.3	28.0	Very Low
6-064	Marble Canyon Area	10,363.5	16.2	Very Low
6-065	Cottonwood Spring Area	3,896.7	6.1	Very Low
6-066	Lee Flat	20,282.8	31.7	Very Low
6-067	Martis Valley	36,357.0	56.8	Very Low
6-068	Santa Rosa Flat	16,779.9	26.2	Very Low
6-069	Kelso Lander Valley	11,164.7	17.4	Very Low
6-070	Cactus Flat	7,025.1	11.0	Very Low
6-071	Lost Lake Valley	23,253.6	36.3	Very Low
6-072	Coles Flat	2,946.0	4.6	Very Low
6-073	Wild Horse Mesa Area	3,320.5	5.2	Very Low
6-074	Harrisburg Flats	24,928.3	39.0	Very Low
6-075	Wildrose Canyon	5,151.3	8.0	Very Low
6-076	Brown Mountain Valley	21,726.6	33.9	Very Low
6-077	Grass Valley	9,974.8	15.6	Very Low
6-078	Denning Spring Valley	7,231.6	11.3	Very Low
6-079	California Valley	58,111.7	90.8	Very Low
6-080	Middle Park Canyon	1,741.4	2.7	Very Low
6-081	Butte Valley	8,797.6	13.7	Very Low
6-082	Spring Canyon Valley	4,800.4	7.5	Very Low
6-084	Greenwater Valley	59,813.8	93.5	Very Low
6-085	Gold Valley	3,210.7	5.0	Very Low
6-086	Rhodes Hill Area	15,578.5	24.3	Very Low
6-088	Owl Lake Valley	22,242.3	34.8	Very Low
6-089	Kane Wash Area	5,954.1	9.3	Very Low
6-090	Cady Fault Area	7,949.2	12.4	Very Low
6-091	Cow Head Lake Valley	5,617.4	8.8	Very Low
6-092	Pine Creek Valley	9,526.9	14.9	Very Low
6-093	Harvey Valley	4,503.2	7.0	Very Low
6-094	Grasshopper Valley	17,663.8	27.6	Very Low
6-095	Dry Valley	6,497.5	10.2	Very Low
6-096	Eagle Lake Area	12,699.5	19.8	Very Low
6-097	Horse Lake Valley	3,826.3	6.0	Very Low
6-098	Tuledad Canyon Valley	5,149.9	8.0	Very Low
6-099	Painters Flat	6,374.2	10.0	Very Low
6-100	Secret Valley	33,663.7	52.6	Very Low
6-101	Bull Flat	18,117.1	28.3	Very Low
6-104	Long Valley	46,846.2	73.2	Very Low
6-105	Slinkard Valley	4,511.2	7.0	Very Low

Basin Number	Basin/Subbasin Name	Area (Acres)	Area (Square Miles)	Priority
6-106	Little Antelope Valley	2,487.7	3.9	Very Low
6-107	Sweetwater Flat	4,719.8	7.4	Very Low
6-108	Olympic Valley	702.0	1.1	Very Low
7-001	Lanfair Valley	156,540.3	244.6	Very Low
7-002	Fenner Valley	452,482.5	707.0	Very Low
7-003	Ward Valley	557,586.4	871.2	Very Low
7-004	Rice Valley	188,094.1	293.9	Very Low
7-005	Chuckwalla Valley	601,573.1	940.0	Very Low
7-006	Pinto Valley	182,439.4	285.1	Very Low
7-007	Cadiz Valley	269,847.9	421.6	Very Low
7-008	Bristol Valley	496,816.2	776.3	Very Low
7-009	Dale Valley	212,533.3	332.1	Very Low
7-010	Twentynine Palms Valley	62,260.0	97.3	Very Low
7-011	Copper Mountain Valley	30,279.7	47.3	Very Low
7-012	Warren Valley			See Table A-2
7-013.01	Deadman Lake	89,012.4	139.1	Very Low
7-013.02	Surprise Spring	29,253.2	45.7	Very Low
7-014	Lavic Valley	102,278.3	159.8	Very Low
7-015	Bessemer Valley	39,067.7	61.0	Very Low
7-016	Ames Valley	108,438.1	169.4	Very Low
7-017	Means Valley	14,941.5	23.3	Very Low
7-018.01	Soggy Lake	77,277.4	120.7	Very Low
7-018.02	Upper Johnson Valley	34,782.1	54.3	Very Low
7-019	Lucerne Valley	147,431.5	230.4	Very Low
7-020	Morongo Valley	7,228.1	11.3	Very Low
7-021.01	Indio	297,156.4	464.3	Medium
7-021.02	Mission Creek	48,571.7	75.9	Medium
7-021.03	Desert Hot Springs	100,947.6	157.7	Very Low
7-021.04	San Gorgonio Pass	38,545.1	60.2	Medium
7-022	West Salton Sea	105,382.3	164.7	Very Low
7-024.01	Borrego Springs	62,749.2	98.0	High
7-024.02	Ocotillo Wells	90,086.8	140.8	Very Low
7-025	Ocotillo-Clark Valley	222,280.2	347.3	Very Low
7-026	Terwilliger Valley	8,017.4	12.5	Very Low
7-027	San Felipe Valley	23,376.4	36.5	Very Low
7-028	Vallecito-Carrizo Valley	121,816.0	190.3	Very Low
7-029	Coyote Wells Valley	145,659.9	227.6	Very Low
7-030	Imperial Valley	957,774.4	1,496.5	Very Low
7-031	Orocochia Valley	96,223.5	150.3	Very Low
7-032	Chocolate Valley	129,107.2	201.7	Very Low
7-033	East Salton Sea	194,844.2	304.4	Very Low

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Basin Number	Basin/Subbasin Name	Area (Acres)	Area (Square Miles)	Priority
7-034	Amos Valley	129,920.8	203.0	Very Low
7-035	Ogilby Valley	133,170.1	208.1	Very Low
7-036	Yuma Valley	123,880.6	193.6	Very Low
7-037	Arroyo Seco Valley	256,477.9	400.7	Very Low
7-038	Palo Verde Valley	72,934.1	114.0	Very Low
7-039	Palo Verde Mesa	224,910.8	351.4	Very Low
7-040	Quien Sabe Point Valley	25,173.3	39.3	Very Low
7-041	Calzona Valley	80,545.6	125.9	Very Low
7-042	Vidal Valley	137,660.1	215.1	Very Low
7-043	Chemehuevi Valley	272,014.5	425.0	Very Low
7-044	Needles Valley	88,053.9	137.6	Very Low
7-045	Piute Valley	175,192.4	273.7	Very Low
7-046	Canebrake Valley	5,411.5	8.5	Very Low
7-047	Jacumba Valley	2,475.7	3.9	Very Low
7-048	Helendale Fault Valley	2,617.2	4.1	Very Low
7-049	Pipes Canyon Fault Valley	3,382.0	5.3	Very Low
7-050	Iron Ridge Area	5,243.0	8.2	Very Low
7-051	Lost Horse Valley	17,299.6	27.0	Very Low
7-052	Pleasant Valley	9,642.6	15.1	Very Low
7-053	Hexie Mountain Area	11,131.9	17.4	Very Low
7-054	Buck Ridge Fault Valley	6,914.5	10.8	Very Low
7-055	Collins Valley	7,062.2	11.0	Very Low
7-056	Yaqui Well Area	14,966.6	23.4	Very Low
7-059	Mason Valley	5,520.5	8.6	Very Low
7-061	Davies Valley	3,570.9	5.6	Very Low
7-062	Joshua Tree			See Table A-2
7-063	Vandeventer Flat	6,732.0	10.5	Very Low
8-001	Coastal Plain Of Orange County	224,226.3	350.4	Medium
8-002.01	Chino	153,762.3	240.3	Very Low
8-002.02	Cucamonga	9,028.0	14.1	Very Low
8-002.03	Riverside-Arlington	56,563.1	88.4	Very Low
8-002.04	Rialto-Colton	24,794.1	38.7	Very Low
8-002.05	Cajon	23,134.6	36.1	Very Low
8-002.06	San Bernardino	92,488.2	144.5	Very Low
8-002.07	Yucaipa	22,218.8	34.7	High
8-002.08	San Timoteo			See Table A-2
8-002.09	Temescal	22,963.6	35.9	Medium
8-004.01	Elsinore Valley	23,601.2	36.9	Medium
8-004.02	Bedford-Coldwater	7,025.7	11.0	Very Low
8-005	San Jacinto			See Table A-2
8-006	Hemet Lake Valley	16,679.9	26.1	Very Low

Basin Number	Basin/Subbasin Name	Area (Acres)	Area (Square Miles)	Priority
8-007	Big Meadows Valley	14,162.1	22.1	Very Low
8-008	Seven Oaks Valley	4,075.2	6.4	Very Low
8-009	Bear Valley	19,170.1	30.0	Very Low
9-001	San Juan Valley	16,712.4	26.1	Very Low
9-002	San Mateo Valley	2,993.5	4.7	Very Low
9-003	San Onofre Valley	1,238.1	1.9	Very Low
9-004	Santa Margarita Valley	5,214.7	8.1	Very Low
9-005	Temecula Valley	87,752.6	137.1	Very Low
9-006	Cahuilla Valley	18,201.6	28.4	Very Low
9-007	San Luis Rey Valley			See Table A-2
9-008	Warner Valley	23,963.5	37.4	Very Low
9-009	Escondido Valley	2,886.9	4.5	Very Low
9-010	San Pasqual Valley	3,498.4	5.5	Medium
9-011	Santa Maria Valley	12,289.9	19.2	Very Low
9-012	San Dieguito Creek	3,547.9	5.5	Very Low
9-013	Poway Valley	2,467.9	3.9	Very Low
9-014	Mission Valley	7,302.5	11.4	Very Low
9-015	San Diego River Valley			See Table A-2
9-016	El Cajon Valley	7,152.1	11.2	Very Low
9-022	Batiquitos Lagoon Valley	740.8	1.2	Very Low
9-023	San Elijo Valley	882.3	1.4	Very Low
9-024	Pamo Valley	1,502.5	2.3	Very Low
9-025	Ranchita Town Area	3,119.9	4.9	Very Low
9-027	Cottonwood Valley	3,838.5	6.0	Very Low
9-028	Campo Valley	3,538.5	5.5	Very Low
9-029	Potrero Valley	2,018.9	3.2	Very Low
9-032	San Marcos Area	2,129.8	3.3	Very Low
9-033	Coastal Plain of San Diego			See Table A-2

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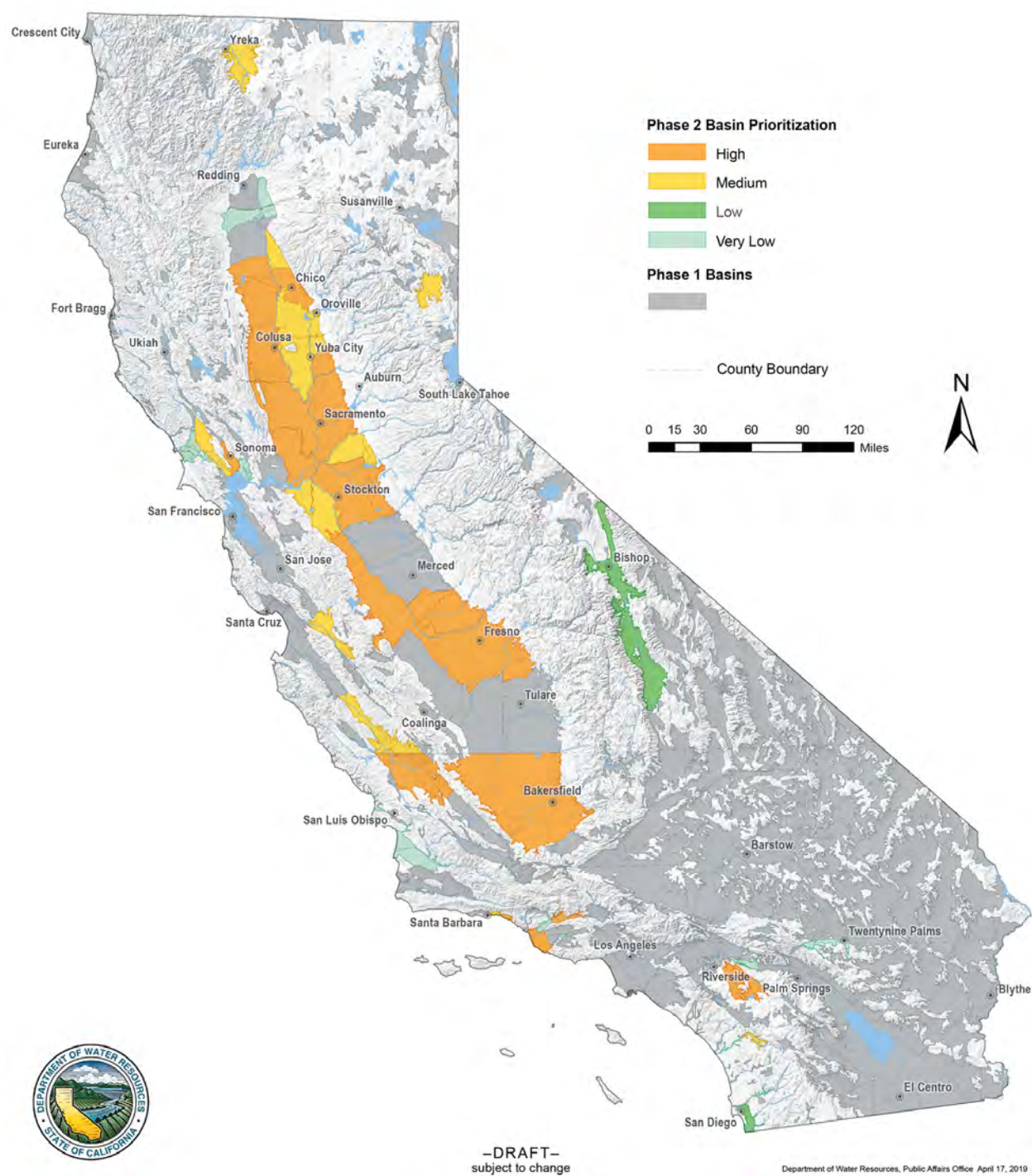
Figure A-2 Statewide Map of SGMA 2019 Basin Prioritization Results, Phase 2 Draft

Table A-2 Statewide SGMA 2019 Basin Prioritization Results, Phase 2 Draft

Basin Number	Basin/Subbasin Name	Area (Acres)	Area (Square Miles)	Priority
1-004	Shasta Valley	218,215.03	340.96	Medium
1-055.01	Santa Rosa Plain	81,284.31	127.01	Medium
1-059	Wilson Grove Formation Highlands	63,836.66	99.74	Very Low
2-001	Petaluma Valley	46,661.32	72.91	Medium
2-002.02	Sonoma Valley	44,846.18	70.07	High
2-002.03	Napa-Sonoma Lowlands	40,297.45	62.96	Very Low
2-027	Sand Point Area	22,342.21	34.91	Very Low
3-003.02	Bolsa Area	Basin consolidated into 3-003.05		
3-003.03	Hollister Area	Basin consolidated into 3-003.05		
3-003.04	San Juan Bautista Area	Basin consolidated into 3-003.05		
3-003.05	North San Benito	131,030.03	204.73	Medium
3-004.05	Upper Valley Aquifer	238,020.54	371.91	Medium
3-004.06	Paso Robles Area	436,157.09	681.50	High
3-008	Los Osos Valley	Basin split in 3-008.01 and 3-008.02		
3-008.01	Los Osos Valley – Los Osos	4,232.03	6.61	Very Low
3-008.02	Los Osos Valley – Warden Creek	1,762.94	2.75	Very Low
3-012	Santa Maria River Valley	Basin split into 3-012.01 and 3-012.02		
3-012.01	Santa Maria River Valley – Santa Maria	170,212.68	265.96	Very Low
3-012.02	Santa Maria River Valley – Arroyo Grande	2,901.22	4.53	Very Low
3-018	Carpinteria	7,977.71	12.47	High
3-025	Tres Pinos Valley	Basin consolidated into 3-003.05		
3-049	Montecito	6,144.71	9.60	Medium
4-004.02	Oxnard	57,887.91	90.45	High
4-004.03	Mound	13,865.83	21.67	High
4-004.04	Santa Paula	22,112.00	34.55	Very Low
4-004.05	Fillmore	22,585.84	35.29	High
4-004.06	Piru	10,896.87	17.03	High
4-007	Arroyo Santa Rosa Valley	3,924.27	6.13	Very Low
5-006.01	Bowman	122,533.80	191.46	Very Low
5-006.02	Rosewood	Basin consolidated into 5-006.01		
5-006.05	Millville	65,616.02	102.53	Very Low
5-006.06	South Battle Creek	33,716.35	52.68	Very Low
5-012.01	Sierra Valley	117,292.42	183.27	Medium
5-021.51	Corning	207,342.76	323.97	High
5-021.52	Colusa	723,823.74	1,130.97	High
5-021.55	Dye Creek	Basin consolidated into 5-021.56		
5-021.56	Los Molinos	99,422.40	155.35	Medium
5-021.57	Vina	184,917.61	288.93	High
5-021.58	West Butte	Basin consolidated into 5-021.70		

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Basin Number	Basin/Subbasin Name	Area (Acres)	Area (Square Miles)	Priority
5-021.59	East Butte	Basin consolidated into 5-021.70		
5-021.60	North Yuba	60,838.08	95.06	Medium
5-021.61	South Yuba	109,020.31	170.34	High
5-021.62	Sutter	285,809.87	446.58	Medium
5-021.64	North American	342,241.43	534.75	High
5-021.65	South American	248,403.37	388.13	High
5-021.66	Solano	354,672.90	554.18	High
5-021.67	Yolo	540,693.50	844.83	High
5-021.69	Wyandotte Creek	59,382.18	92.78	Medium
5-021.70	Butte	265,500.00	414.84	Medium
5-022.01	Eastern San Joaquin	764,802.78	1,195.00	High
5-022.05	Chowchilla	145,574.30	227.46	High
5-022.06	Madera	347,667.39	543.23	High
5-022.07	Delta-Mendota	764,964.86	1,195.26	High
5-022.08	Kings	981,324.82	1,533.32	High
5-022.14	Kern County	1,782,320.81	2,784.88	High
5-022.15	Tracy	238,428.97	372.55	Medium
5-022.16	Cosumnes	210,275.92	328.56	Medium
5-022.19	Eastern Contra Coast	107,596.40	168.12	Medium
6-012.01	Owens Valley	660,648.16	1,032.26	Low
7-012	Warren Valley	17,475.73	27.31	Very Low
7-062	Joshua Tree	33,448.78	52.26	Very Low
8-002.08	San Timoteo	32,287.65	50.45	Very Low
8-005	San Jacinto	158,534.44	247.71	High
9-007	San Luis Rey Valley	Basin split into 9-007.01 and 9-007.02		
9-007.01	San Luis Rey Valley – Upper San Luis Rey Valley	19,254.35	30.08	Medium
9-007.02	San Luis Rey Valley – Lower San Luis Rey Valley	10,411.92	16.27	Very Low
9-015	San Diego River Valley	9,873.37	15.43	Very Low
9-033	Coastal Plain of San Diego	54,980.89	85.91	Low

Appendix 2 – DWR standard land use legend (adapted for remote sensing crop mapping) (component 6.a)

Crop Category	DWR 20 Crop (CaISIMETAW Input)	Crop
G – GRAIN & HAY	Miscellaneous Grain and Hay	Wheat, Miscellaneous grain and hay
R – RICE	Rice	Rice, Wild rice
F – FIELD CROPS	Cotton	Cotton
	Safflower	Safflower
	Other Field	Sunflowers
	Dry Beans	Beans (dry)
	Corn	Corn (field & sweet), sorghum and Sudan
P - PASTURE	Alfalfa	Alfalfa & alfalfa mixtures
	Pasture	Mixed pasture Miscellaneous grasses (includes Bermuda grass, ryegrass, turf grass, etc.)
T – TRUCK, NURSERY, AND BERRY CROPS	Onions & Garlic	Onions and garlic
	Tomato Processing	Tomatoes (processing and fresh)
	Potatoes	Potatoes and sweet potatoes
	Cucurbits	Melons, squash, and cucumbers (all types)
	Truck Crops	Cole crops (includes broccoli, cauliflower, cabbage, brussel sprouts, mixed cole crops or cole crops not specifically listed in the legend) Carrots Lettuce/leafy greens Flowers, nursery & Christmas tree farms Bush berries (includes blueberries, blackberries, raspberries, and other bush berries) Strawberries Peppers (chili, bell, etc.) Miscellaneous truck (a truck crop not specifically listed in the legend)
D – DECIDUOUS FRUITS AND NUTS	Almonds & Pistachios	Almonds, Pistachios
	Other Deciduous	Apples Cherries Peaches/nectarines Pears Plums, prunes, and apricots Walnuts Pomegranates Miscellaneous deciduous (a type of deciduous orchard not specifically listed in the legend) Young perennial fruits and nuts (includes young orchards and vineyards)
C – CITRUS AND SUBTROPICAL	Citrus Subtropical	Citrus Dates Avocados Olives Kiwis Miscellaneous subtropical fruits
V – VINEYARDS	Vineyard	Grapes

Note: Crop categories not included in DWR 20 Crop categories are Sugar Beets (none reported in the state during 2014) and Fresh tomatoes (combined with Tomato Processing). Non-crop categories, Urban, Native Riparian, Idle and Water Surface, are not used in basin prioritization.

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Appendix 3 – List of chemicals used in the evaluation of documented water quality degradation (component 7.d)

GAMA Storenum	Units	MCL	Chemical Name	GAMA Storenum	Units	MCL	Chemical Name
Primary MCL							
TCA111	UG/L	200	1,1,1-Trichloroethane	ENDOTHAL	UG/L	100	Endothal
PCA	UG/L	1	1,1,2,2-Tetrachloroethane	ENDRIN	UG/L	2	Endrin
FC113	MG/L	1.2	1,1,2-Trichloro-1,2,2-Trifluoroethane	EBZ	UG/L	300	Ethylbenzene
TCA112	UG/L	5	1,1,2-Trichloroethane	F	MG/L	2	Fluoride (F)
DCA11	UG/L	5	1,1-Dichloroethane	ALPHA	pCi/L	15	Gross Alpha
DCE11	UG/L	6	1,1-Dichloroethylene	HEPTACHLOR	UG/L	0.01	Heptachlor
TCB124	UG/L	5	1,2,4-Trichlorobenzene	HCLBZ	UG/L	1	Hexachlorobenzene
DCBZ12	UG/L	600	1,2-Dichlorobenzene	HCCP	UG/L	50	Hexachlorocyclopentadiene
DCA12	UG/L	0.5	1,2-Dichloroethane	PB	UG/L	15	Lead
DCPA12	UG/L	5	1,2-Dichloropropane	BHCGAMMA	UG/L	0.2	Lindane
DCP13	UG/L	0.5	1,3-Dichloropropene (Total)	HG	UG/L	2	Mercury
DCBZ14	UG/L	5	1,4-Dichlorobenzene	MTXYCL	UG/L	30	Methoxychlor
SILVEX	UG/L	50	2,4,5-Tp (Silvex)	MTBE	UG/L	13	Methyl-Tert-Butyl-Ether (Mtbe)
24D	UG/L	70	2,4-D	MOLINATE	UG/L	20	Molinate
ALACL	UG/L	2	Alachlor	NI	UG/L	100	Nickel
AL	UG/L	1000	Aluminum	NO3N	MG/L	10	Nitrate (As N)
SB	UG/L	6	Antimony	OXAMYL	UG/L	50	Oxamyl
AS	UG/L	10	Arsenic	PCP	UG/L	1	Pentachlorophenol
ATRAZINE	UG/L	1	Atrazine	PCATE	UG/L	6	Perchlorate
BA	MG/L	1	Barium	PICLORAM	MG/L	0.5	Picloram
BTZ	UG/L	18	Bentazon	PCB1016	UG/L	0.5	Polychlorinated Biphenyls
BZ	UG/L	1	Benzene	SE	UG/L	50	Selenium
BZAP	UG/L	0.2	Benzo (A) Pyrene	SIMAZINE	UG/L	4	Simazine
BE	UG/L	4	Beryllium	SR-90	pCi/L	8	Strontium-90
BRO3	UG/L	10	Bromate	STY	UG/L	100	Styrene
CD	UG/L	5	Cadmium	PCE	UG/L	5	Tetrachloroethylene
CTCL	UG/L	0.5	Carbon Tetrachloride	TL	UG/L	2	Thallium
CHLORITE	MG/L	1	Chlorite	THIOBENCARB	UG/L	70	Thiobencarb
CLBZ	UG/L	70	Chlorobenzene (Monochlorobenzene)	BZME	UG/L	150	Toluene
CR	UG/L	50	Chromium (Total)	THM	UG/L	80	Total Trihalomethanes

GAMA Storenum	Units	MCL	Chemical Name	GAMA Storenum	Units	MCL	Chemical Name
DCE12C	UG/L	6	Cis-1,2-Dichloroethylene	DCE12T	UG/L	10	Trans-1,2-Dichloroethylene
CN	UG/L	150	Cyanide	TCE	UG/L	5	Trichloroethylene
DALAPON	UG/L	200	Dalapon	FC11	UG/L	150	Trichlorofluoromethane
DOA	MG/L	0.4	Di(2-Ethylhexyl)Adipate	H-3	pCi/L	20000	Tritium
BIS2EHP	UG/L	4	Di(2-Ethylhexyl)Phthalate	U	pCi/L	20	Uranium
DCMA	UG/L	5	Dichloromethane	VC	UG/L	0.5	Vinyl Chloride
DINOSEB	UG/L	7	Dinoseb	XYLENES	UG/L	1750	Xylenes (Total)
Secondary MCL							
CU	MG/L	1	Copper	ZN	MG/L	5	Zinc
FOAMAGENTS	MG/L	0.5	Foaming Agents (Mbas)	CL	MG/L	500	Chloride
FE	UG/L	300	Iron	SO4	MG/L	500	Sulfate
MN	UG/L	50	Manganese	TDS	MG/L	1000	Total Dissolved Solids
AG	UG/L	100	Silver				

Source: State Water Resources Control Board 2017

Key: GAMA = groundwater ambient monitoring and assessment; MCL = maximum contaminant level; UG/L = microgram per liter; MG/L = milligram per liter; pCi/L = picocuries per liter

Note: The water quality data query of the SWRCB GAMA database and the initial basin prioritization water quality analysis was performed on and soon after April 4, 2017. Hexavalent chromium (CR6) was included on the above list as a Primary MCL and used in the initial analysis. In September 2017, CR6 was removed from the MCL Primary list on court order. The water quality analysis for basin prioritization was corrected to reflect this change and consequently does not include any CR6 records.

California Department of Water Resources

Appendix 4 – Computed groundwater volume for non-adjudicated portion(s) of basins with adjudicated area used during evaluation (component 8.c.3)

Basin Number	Basin/Subbasin Name	Groundwater volume (acre-feet) of non-adjudicated portion of basin ¹
1-005	Scott River Valley	27,496
3-004.08	Salinas Valley/Seaside	0
3-008.01	Los Osos Valley/ Los Osos Area	2
3-012.01	Santa Maria/ Santa Maria	2,316
3-016	Goleta	557
4-004.04	Santa Clara River Valley/ Santa Paula	668
4-011.03	Coastal Plain of Los Angeles/ West Coast	60
4-011.04	Coastal Plain of Los Angeles/ Central	0
4-012	San Fernando Valley	1,025
4-013	San Gabriel Valley	7,000
4-023	Raymond	1
5-027	Cummings Valley	63
5-028	Tehachapi Valley West	222
5-080	Brite Valley	8
6-012.01	Owens Valley/Owens Valley	24,346
6-037	Coyote Lake Valley	1
6-038	Caves Canyon Valley	2
6-040	Lower Mojave River Valley	0
6-041	Middle Mojave River Valley	0
6-042	Upper Mojave River Valley	5
6-043	El Mirage Valley	526
6-044	Antelope Valley	2,631
6-045	Tehachapi Valley East	55
6-047	Harper Valley	7
6-089	Kane Wash Area	0
7-012	Warren Valley	69
7-019	Lucerne Valley	0
8-002.01	Upper Santa Ana Valley/ Chino	2,553
8-002.02	Upper Santa Ana Valley/ Cucamonga	1
8-002.03	Upper Santa Ana Valley/ Riverside-Arlington	7,778
8-002.04	Upper Santa Ana Valley/ Rialto-Colton	2,349
8-002.06	Upper Santa Ana Valley/ Bunker Hill	216
8-002.08	Upper Santa Ana Valley/ San Timoteo	3,806
8-005	San Jacinto	32,508
9-004	Santa Margarita Valley	0
9-005	Temecula Valley	29
9-006	Cahuilla Valley	10

Note:

¹ From Step 4 of Component # 8.c.3

Appendix 5 – Breakdown of area in basins with adjudications used during evaluation (component 8.c.3)

Basin	Basin /Subbasin Name	Basin Area (Acres)	Adjudicated Acres	Percent Adjudicated	Non-Adjudicated Acres	Percent Non-Adjudicated
1-005	Scott River Valley	63,831	10,015	15.69%	53,816	84.31%
3-004.08	Salinas Valley/Seaside	14,489	14,489	100.00%	0	0.00%
3-008.01	Los Osos Valley/ Los Osos Area	4,232	4,226	99.87%	6	0.13%
3-012.01	Santa Maria/ Santa Maria	170,213	162,277	95.34%	7,936	4.66%
3-016	Goleta	9,217	8,034	87.16%	1,183	12.84%
4-004.04	Santa Clara River Valley/ Santa Paula	22,112	20,646	93.37%	1,466	6.63%
4-011.03	Coastal Plain of Los Angeles/ West Coast	92,997	92,532	99.50%	465	0.50%
4-011.04	Coastal Plain of Los Angeles/ Central	177,770	149,067	83.85%	28,703	16.15%
4-012	San Fernando Valley	144,837	143,363	98.98%	1,474	1.02%
4-013	San Gabriel Valley	126,379	122,603	97.01%	3,776	2.99%
4-023	Raymond	26,049	26,047	99.99%	2	0.01%
5-027	Cummings Valley	10,019	9,213	91.95%	807	8.05%
5-028	Tehachapi Valley West	14,803	13,085	88.40%	1,718	11.60%
5-080	Brite Valley	3,170	2,845	89.73%	326	10.27%
6-012.01	Owens Valley/ Owens Valley	660,648	231,276	35.01%	429,372	64.99%
6-037	Coyote Lake Valley	88,102	80,890	91.81%	7,212	8.19%
6-038	Caves Canyon Valley	72,962	27,201	37.28%	45,761	62.72%
6-040	Lower Mojave River Valley	285,486	260,561	91.27%	24,925	8.73%
6-041	Middle Mojave River Valley	211,321	206,613	97.77%	4,707	2.23%
6-042	Upper Mojave River Valley	412,841	405,091	98.12%	7,750	1.88%
6-043	El Mirage Valley	75,896	70,298	92.62%	5,598	7.38%
6-044	Antelope Valley	1,010,269	904,447	89.53%	105,822	10.47%
6-045	Tehachapi Valley East	23,967	11,658	48.64%	12,310	51.36%
6-047	Harper Valley	409,502	351,094	85.74%	58,408	14.26%
6-089	Kane Wash Area	5,954	5,954	100.00%	0	0.00%
7-012	Warren Valley	17,476	13,035	74.59%	4,441	25.41%
7-019	Lucerne Valley	147,432	145,964	99.00%	1,468	1.00%
8-002.01	Upper Santa Ana Valley/ Chino	153,762	146,652	95.38%	7,110	4.62%
8-002.02	Upper Santa Ana Valley/ Cucamonga	9,028	8,232	91.18%	796	8.82%
8-002.03	Upper Santa Ana Valley/ Riverside-Arlington	56,563	37,217	65.80%	19,346	34.20%
8-002.04	Upper Santa Ana Valley/ Rialto-Colton	24,794	23,636	95.33%	1,158	4.67%
8-002.06	Upper Santa Ana Valley/ San Bernardino	92,488	87,594	94.71%	4,894	5.29%
8-002.08	Upper Santa Ana Valley/ San Timoteo	32,288	14,138	43.79%	18,150	56.21%
8-005	San Jacinto	158,534	59,939	37.81%	98,596	62.19%
9-004	Santa Margarita Valley	5,215	5,191	99.54%	24	0.46%
9-005	Temecula Valley	87,753	87,386	99.58%	367	0.42%
9-006	Cahuilla Valley	18,202	17,850	98.07%	351	1.93%

California Department of Water Resources

Appendix 6 – Groundwater Basins Identified with Groundwater-Related Transfers (component 8.d.2)

Groundwater Basin ID	Groundwater Basin / Subbasin Name	Type of Groundwater-Related Transfer	Year	Total Groundwater Pumped (AF)
4-003.01	Ventura River Valley / Upper Ventura River	B	2015	1,314
5-006.03	Redding Area / Anderson	A	2013	2,314
			2014	3,526
			2015	3,785
5-021.51	Sacramento Valley / Corning	A	2013	2,030
5-021.52	Sacramento Valley / Colusa	A	2009	1,447
			2013	2,970
			2014	6,838
			2015	13,969
5-021.60	Sacramento Valley / North Yuba	A	2009	8,262
			2013	8,270
			2014	2,102
			2018	9,080
5-021.61	Sacramento Valley / South Yuba	A	2014	3,637
			2015	2,000
			2018	5,998
5-021.62	Sacramento Valley / Sutter	A	2009	14,841
			2010	14,317
			2013	15,264
			2014	17,400
			2015	8,659
			2018	15,352
5-021.64	Sacramento Valley / North American	A	2009	24,630
			2010	13,045
			2013	8,903
			2014	27,334
			2015	28,358
			2018	21,551
5-021.66	Sacramento Valley/Solano	A	2011	409
5-021.67	Sacramento Valley / Yolo	A	2009	4,873
			2013	7,155
			2014	16,995
			2015	14,668
			2018	1,149
5-021.70	Sacramento Valley / Butte	A	2009	5,501
			2013	7,175



Bear Valley Basin Groundwater Sustainability Agency Agenda Report

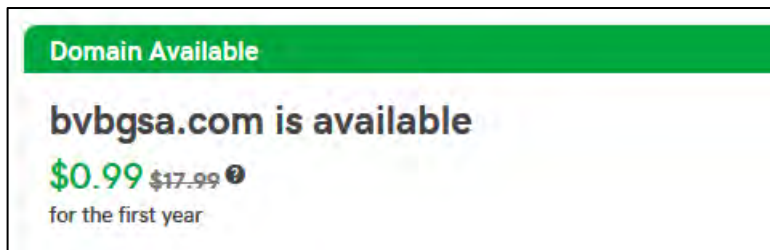
DATE: May 7, 2019
TO: Board of Directors
FROM: Reginald A. Lamson, Administrator
PREPARED BY: Danielle D. McGee, Volunteer
RE: **BVBGSA Website**

Background:

Currently, the member agencies each post materials related to BVBGSA on their respective websites. While our current practice is a legitimate method of informing the public of BVBGSA meetings, it would improve transparency if a simple website were established for BVBGSA. This could eliminate the need for the member agencies to all post agenda and minutes.

There are inexpensive and free options for website hosting. See Exhibit A.

Domain registration fees are nominal:



Financial Impact:

Financial impact for hosting ranges from free to \$25/month based upon cursory research.

Recommendation:

Review and consider whether BVBGSA should have a separate website.

Exhibit A

Weebly		
Free	\$12/mo billed annually	\$25 mo/ paid annually
	Free Domain (\$20 value)	Free Domain (\$20 value)
	Google ads \$100 credit	Google ads \$100 credit
SSL Security	SSL Security	SSL Security
500 MB Storage	Unlimited Storage	Unlimited Storage
Domain with Weebly Branding	Connect Custom Domain	Connect Custom Domain
	Remove Weebly Ads	Remove Weebly Ads
	Site Search	Site Search
	Shopping Cart	Shopping Cart
	Accept payments through square	Accept payments through square
	Accept payments through 3rd party providers	Accept payments through 3rd party providers
		Extensive Shopping options that don't apply
Search Engine Optimization	Search Engine Optimization	Search Engine Optimization
Lead capture and Contact Forms	Lead capture and Contact Forms	Lead capture and Contact Forms
	Advanced Site Statistics	Advanced Site Statistics
		Pop up notifications
		Integrated Facebook Ads
		Advanced eCommerce Statistics
Community Forum	Community Forum	Community Forum
Cha & Email Support	Chat & Email Support	Chat & Email Support
	Phone Support	Phone Support
*From experience all weebly sites are mobile optimized; you can upload/link to documents, have a contact form etc		

SquareSpace		
	Personal	Business
	\$12/ mo billed annually	\$18/ mo billed annually
	\$16/ mo billed monthly	\$26/ mo billed monthly
	Unlimited bandwidth and storage	Unlimited bandwidth and storage
	Mobile optimized website	Mobile optimized website
	Website Metrics	Advanced Website Metrics
	Free Custom Domain with annual purchase	Free Custom Domain with annual purchase
	SSL Security	SSL Security
	24/7 Customer Support	24/7 Customer Support
	Limited to 2 contributors	Unlimited contributors
		Professional email from Google
		\$100 google ads credit
		promotional pop-ups
		Full integrated eCommerce
		Sell unlimite products and accept donations
		3% transaction fee
		Mobile Information Bar
		Complete customization through CSS and JavaScript
		Premium Blocks and Integrations
		Announcement Bar

Wix			
Free	Combo	Unlimited	Business Basic
	\$11/ mo billed annually	\$14/ mo billed annually	\$20/ mo billed annually
	\$14.5/ mo billed annually	\$17.50/ mo billed annually	\$25/ mo billed annually
	Free domain name for 1 year, \$14.95 (yearly) thereafter.	Free domain name for 1 year, \$14.95 (yearly) thereafter.	Free domain name for 1 year, \$14.95 (yearly) thereafter.
SSL Encryption	SSL Encryption	SSL Encryption	SSL Encryption
Ads	Ad Free	Ad Free	Ad Free
	Favicon	Favicon	Favicon
1 GB Bandwidth	2 GB Bandwidth	Unlimited Bandwidth	Unlimited Bandwidth
500 MB Storage	3 GB Storage	10 GB Storage	20 GB Storage
		\$100 Google and Bing ads, \$100 in Local Listing + Site Booster and Form Builder app	\$100 Google and Bing ads, \$100 in Local Listing + Site Booster and Form Builder app
Email marketing: 3 campaigns / 5.000 emails / month	Email marketing: 3 campaigns / 5.000 emails / month	Email marketing: 3 campaigns / 5.000 emails / month	Email marketing: 3 campaigns / 5.000 emails / month
			Professional Site Review
Premium Support	Premium Support	Premium Support	Premium Support
\$7.50/month	\$14.50/month	\$17.50/month	\$35/month
\$5/month yearly	\$11/month yearly	\$14/month yearly	\$29/month yearly
\$4/month Two-Year Plan	\$9/month Two-Year Plan	\$11/month Two-Year Plan	\$26/month Two-Year Plan
\$3.50/month Three-Year Plan	\$8.50/month Three-Year Plan	\$10/month Three-Year Plan	\$23.50/month Three-Year Plan



Bear Valley Basin Groundwater Sustainability Agency Agenda Report

DATE: May 7, 2019

TO: Board of Directors

FROM: Reginald A. Lamson, Administrator

PREPARED BY: Danielle D. McGee, Volunteer

RE: **Budget Alternatives for Fiscal Year 2019/20**

Background:

BVBGSA functions as the lead Agency for the Bear Valley Basin Groundwater Sustainability Plan (BVBGSP) and as a pass-through entity for costs associated with Replenish Big Bear. Administrative expenses for the agency are typically limited to bank fees and legal fees, and are estimated at \$20,000 per year. In FY 2019/20, BVBGSA will be contracting for the completion of the BVBGSP, which is expected to be fully funded by the \$177,000 Department of Water Resources, Proposition 1 Grant. Cost associated with Replenish Big Bear will include completion of the Environmental Impact Report, meetings with regulators to determine operating permit requirements, water quality sampling, preliminary design, public outreach, and pursuing funding opportunities.

In FY 2018/19, each of the four member agencies authorized \$250,000 towards the preliminary costs of the Replenish Big Bear Project. The initial estimate for preliminary costs was about \$1.8M. To account for miscellaneous items that may come up during the next year, a budget of \$2.0M would be prudent to cover the preliminary costs. Based on this estimate, the four member agencies should budget \$250,000 for FY 2019/20. To date, the Replenish Big Bear consultants have billed about \$340,000. The Replenish Big Bear team is pursuing a study/planning \$500,000 grant to hopefully offset some of these preliminary costs.

As the member agencies prepare their respective budgets for FY 2019/20, it would be helpful to memorialize a budget for BVBGSA that includes the expected pass-through costs for Replenish Big Bear, as well as the administrative expenses.

Financial Impact:

To be determined.

Recommendation:

Discuss options for compiling projections needed to prepare a budget for FY 2019/20.



Bear Valley Basin Groundwater Sustainability Agency Agenda Report

DATE: May 7, 2019
TO: Board of Directors
RE: **Management and Board Member Discussion**

Board Members:

Bob Ludecke, Chairman
John Green, Vice Chairman
Craig Hjorth, Treasurer
James Miller, Secretary

Management:

David Lawrence, General Manager BBARWA
Mike Stephenson, General Manager MWD
Mary Reeves, General Manager CSD
Reginald Lamson, GSA Administrator/General Manager DWP